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**洛陽欒川鉬業集團股份有限公司**  
**China Molybdenum Co., Ltd.\***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 03993)

**(1) INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2013**  
**(2) CHANGE OF PRINCIPAL PLACE OF  
BUSINESS IN HONG KONG**  
**AND**  
**(3) INTENTION TO DISPOSE OF  
INTERESTS IN SUBSIDIARIES**

**INTERIM RESULTS**

The board of directors (the “**Board**”) of China Molybdenum Co., Ltd.\* (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2013. This announcement contains the full text of the interim report of the Group for the six months ended 30 June 2013 and the contents were prepared in accordance with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The unaudited consolidated financial results of the Group have been reviewed by the audit committee of the Company. This results announcement is also published on the websites of the Company ([www.chinamoly.com](http://www.chinamoly.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the six months ended 30 June 2013 will be despatched to shareholders and will also be available at the abovementioned websites in due course.

## **CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

The Board hereby announces that the Company's principal place of business in Hong Kong will be changed to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 3 September 2013.

## **INTENTION TO DISPOSE OF INTERESTS IN SUBSIDIARIES**

To improve the structure and quality of the Group's assets, and to enhance the profitability of the Group, the Board hereby announces that the Group intends to dispose of its interests in (a) Luoyang Kunyu Mining Co., Ltd.\* (洛陽坤宇礦業有限公司) (“**Luoyang Kunyu**”), a non-wholly owned subsidiary of the Company which the Company has 70% equity interest; and (b) Luoyang Yongning Gold & Lead Refining Co., Ltd.\* (洛陽永寧金鉛冶煉有限公司) (“**Luoyang Yongning**”), a non-wholly owned subsidiary of the Company which the Company has 75% equity interest. Luoyang Kunyu principally engages in the production and sale of mineral products and Luoyang Yongning principally engages in leads smelting, process and sale of mineral products. As at the date of this announcement, no agreement has been entered into in respect of the proposed disposals and there is no assurance that the proposed disposals will proceed.

By Order of the Board  
**China Molybdenum Co., Ltd.\***  
**Wu Wenjun**  
*Chairman*

Luoyang City, Henan Province, the People's Republic of China, 22 August 2013

*As at the date of this announcement, the executive Directors are Mr. Wu Wenjun, Mr. Li Chaochun, Mr. Li Faben, Mr. Wang Qinxi and Ms. Gu Meifeng; the non-executive Directors are Messrs. Shu Hedong and Zhang Yufeng; and the independent non-executive Directors are Messrs. Bai Yanchun, Xu Shan, Cheng Gordon and Xu Xu.*

\* *For identification purposes only*

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## CORPORATE INFORMATION

### DIRECTORS

#### *Executive Directors*

Wu Wenjun (*Chairman*)  
Li Chaochun (*Vice Chairman*)  
Li Faben  
Wang Qinxu  
Gu Meifeng<sup>1</sup>

#### *Non-executive Directors*

Shu Hedong  
Zhang Yufeng

#### *Independent Non-executive Directors*

Bai Yanchun  
Cheng Gordon  
Xu Shan  
Xu Xu

### SUPERVISORS

Zhang Zhenhao (*Chairman of the supervisory committee*)  
Yin Dongfang  
Deng Jiaoyun

### BOARD COMMITTEES

#### *Remuneration Committee*

Bai Yanchun (*Chairman*)  
Xu Xu  
Shu Hedong

#### *Audit Committee*

Xu Shan (*Chairman*)  
Cheng Gordon  
Zhang Yufeng

#### *Strategic Committee*

Wu Wenjun (*Chairman*)  
Li Chaochun  
Li Faben  
Bai Yanchun  
Xu Xu

#### *Nomination Committee of the Board*

Bai Yanchun (*Chairman*)  
Wu Wenjun  
Li Chaochun (*Vice Chairman*)  
Xu Shan  
Cheng Gordon  
Xu Xu

### SUPERVISORY COMMITTEE

Zhang Zhenhao (*Chairman*)  
Yin Dongfang  
Deng Jiaoyun

### BOARD SECRETARY

Zhang Xinhui

### REGISTERED OFFICE IN THE PRC

North of Yihe, Huamei Shan Road,  
Chengdong New District, Luanchuan County,  
Luoyang City, Henan Province, the PRC

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

North of Yihe, Huamei Shan Road,  
Chengdong New District, Luanchuan County,  
Luoyang City, Henan Province, the PRC

- Notes:
1. Appointed at the 2012 annual general meeting of the Company held on 7 June 2013.
  2. The principal place of business in Hong Kong will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 3 September 2013.

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**PRINCIPAL PLACE OF BUSINESS IN HONG KONG<sup>2</sup>**

Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong

**LEGAL REPRESENTATIVE**

Wu Wenjun

**AUTHORIZED REPRESENTATIVES**

Li Chaochun  
Ho Siu Pik

**JOINT COMPANY SECRETARIES**

Zhang Xinhui  
Ho Siu Pik (FCS, FCIS)

**ENQUIRY DEPARTMENT OF THE COMPANY**

Office of the Board of Directors

**INFORMATION ENQUIRY TELEPHONE NO. OF THE COMPANY**

(+86) 379 6865 8017

**SHANGHAI A SHARE REGISTRAR**

China Securities Depository and Clearing Company Limited, Shanghai Branch  
36/F, China Insurance Building,  
No. 166 Lujiazui Road East,  
Pudong New Area,  
Shanghai, the PRC

**HONG KONG H SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre,  
183 Queen's Road East, Wanchai, Hong Kong

**PLACES OF LISTING**

Place of listing of A share - Shanghai Stock Exchange  
Place of listing of H share - The Stock Exchange of Hong Kong Limited

**NAME OF THE STOCK**

China Molybdenum Co., Ltd. (CMOC)

**STOCK CODE**

Stock code of A share: 603993 (*Listed on 9 October 2012*)  
Stock code of H share: 03993 (*Listed on 26 April 2007*)

**INFORMATION OF SHARES**

Stock code:	03993 (H share)/603993 (A share)
Date of listing:	26 April 2007 (H share)/ 9 October 2012 (A share)
Number of shares:	1,311,156,000 H shares and 3,765,014,525 A shares (as at 30 June 2013)
Par value:	RMB0.2 per share (H shares and A shares)
Stock abbreviation:	CMOC

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## PRINCIPAL BANKERS

1. Industrial and Commercial Bank of China Limited,  
Luanchuan County Sub-branch
2. Agricultural Bank of China,  
Luanchuan County Sub-branch
3. China Construction Bank Corporation,  
Luanchuan County Sub-branch
4. Bank of China Limited, Luoyang Branch
5. China Merchants Bank, Zhengzhou Branch
6. China CITIC Bank Corporation Limited,  
Luoyang Branch
7. Industrial Bank Co., Ltd., Zhengzhou Branch,  
Zijingshan Sub-branch
8. China Everbright Bank, Zhengzhou Branch,  
Wenhua Road Sub-branch

## AUDITOR

Deloitte Touche Tohmatsu Certified Public Accountants LLP  
(Special General Partnership)

## LEGAL ADVISORS

As to Hong Kong law:

### ***Morrison & Foerster***

33/F Edinburgh Tower, The Landmark,  
15 Queen's Road Central  
Central  
Hong Kong

As to PRC law:

### ***Llinks Law Offices***

19/F, One Lujiazui  
68 Yin Cheng Road Middle  
Shanghai  
China

## INTERNAL CONTROL ADVISER

### **SHINEWING Risk Services Limited**

43/F., The Lee Gardens  
33 Hysan Avenue  
Causeway Bay, Hong Kong

## COMPLIANCE ADVISER

### **First Shanghai Capital Limited**

19/F, Wing On House  
71 Des Voeux Road Central  
Hong Kong

## WEBSITE

[www.chinamoly.com](http://www.chinamoly.com)

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## **MARKET REVIEW**

### **Molybdenum Market**

In the first half of 2013, the domestic molybdenum market as a whole was in a downturn and the market prices of molybdenum concentrates and ferromolybdenum were volatile. Favored by steel plants taking stock and an optimistic market outlook for the year, the prices rebounded notably during the first quarter. Subsequent to the convening of NCC & CPPCC sessions, the market failed to meet the expectation of market participants. Coupled with a lack of market fundamentals, the prices began to fall. Up till the second quarter, as the economic landscape became more gloomy and the steel market continued to deteriorate, the prices dropped continuously and almost hit bottom level. In the first half of 2013, the average price of molybdenum concentrates amounted to RMB1,625.25 per metric tonne unit, representing a decrease of 10.03% as compared with the same period last year. The lowest price was RMB1,440 per metric tonne unit and the highest price was RMB1,820 per metric tonne unit. The average price of ferromolybdenum for the first half amounted to RMB110,900/tonne, representing a decrease of 10.35% as compared with the same period last year. The lowest price was RMB98,000/ tonne and the highest price was RMB128,000/tonne.

In the first half of 2013, the international molybdenum market as a whole witnessed a similar downward trend. Contrary to the performance of the domestic market, the international landscape slightly improved in April, mainly attributable to a modest price recovery as both global mining enterprises and dealers made joint efforts in stimulating prices upon the meeting of China Ferro-Alloys International Conference, while the supply was under pressure after Rio Tinto faced a landslide incident in the Utah Copper Mine and a port strike in Chile. After the headwinds, the market, falling short of demand, saw yet a modest fall in prices. By the summer in June, as Europeans and Americans went on summer holidays, the prices declined more rapidly to almost US\$10/lb Mo. In the first half of 2013, the average price of MW molybdenum oxide amounted to US\$11.13/lb Mo, representing a decrease of 20.39% as compared with the same period last year. The lowest price was US\$10.2/lb Mo and the highest price was at US\$12/lb Mo.

### **Tungsten market**

The tungsten market, with robust growth, had improved as compared with the molybdenum market in the first half of 2013. The market development was divided into two phases. Phase 1 primarily referred to the first quarter which underwent much fluctuations. The major reason was a drop in the price of tungsten, given weak demand as a result of a suspension of production of processing enterprises in January and contracted procurement from overseas enterprises. In February, as the Chinese New Year unfolded, supply was tight and the tungsten price picked up. Such shortage in supply was alleviated by late March when the Chinese New Year holiday ended. Nonetheless, the demand remained weak and tungsten price fell again. Phase 2 referred to the second quarter. There has been a shortage of tungsten products and such shortage pushed the tungsten price upwards in a continuous and rapid manner. In the first half of 2013, the average price of wolframite concentrates (with a purity of 65%) in the PRC amounted to RMB121,200/ tonne, representing a decrease of 4.57% as compared with the same period last year. The lowest price was RMB107,000/ tonne and the highest price was RMB152,000/ tonne. The average APT price was RMB184,500/ tonne, representing a decrease of 6.96% as compared with the same period last year. The lowest price was RMB165,000/ tonne and the highest price was RMB222,000/ tonne.

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For the international market, the tungsten price bounced as well, but it was a reflection of the growth in the domestic tungsten price, and in a less overwhelming manner, mainly attributable to the fact that the demand was weak in overseas markets and it took a certain period of time for the growth in the domestic raw materials price to pose an impact on the overseas market. From January to June, the average APT price in Europe was US\$345.99/ metric tonne unit, representing a decrease of 17.29% as compared with the same period last year. In the first half of the year, the APT price in the European market peaked at US\$398/ metric tonne unit and hit the lowest price at US\$280/ metric tonne unit.

## **Domestic industry policies**

### ***Export Quotas***

On 27 December 2012, the Ministry of Commerce of the PRC promulgated a list of enterprises engaged in the export (or supply) of tungsten, antimony and other nonferrous metals for 2013 as well as a notification on export quotas (the first batch). Under the notification, the Company was entitled to export 4,878 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 86 tonnes of molybdenum chemical products and 52 tonnes of molybdenum products. The quota for molybdenum products of Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd.\* (洛陽高科鉬鎢材料有限公司) (“**High-Tech**”), a joint venture of the Company, was 73 tonnes. On 8 July 2013, the Ministry of Commerce of the PRC promulgated a notification on export quotas (the second batch for 2013) of tungsten, antimony, silver, tin, silver and molybdenum. Under the notification, the Company was entitled to export 3,054 tonnes of primary molybdenum products (molybdenum oxides and ferromolybdenum), 67 tonnes of molybdenum chemical products and 34 tonnes of molybdenum products. The quota for molybdenum products of High-Tech, a joint venture of the Company, was 50 tonnes.

## **BUSINESS REVIEW**

During the first half of 2013, capitalising on its abundant resources, scale of production and an integrated production chain, the Group’s production volume of its major products increased at various degrees as compared with the same period last year. From January to June, the Group’s production of molybdenum concentrates (including 47% Mo) amounted to approximately 17,380 tonnes, representing an increase of 6.53% as compared with the same period last year. The production of tungsten (100% WO<sub>3</sub>) amounted to 3,264 tonnes (excluding Luoyang Yulu Mining Co., Ltd.\* (洛陽豫鷺礦業有限責任公司)), representing an increase of 19.74% as compared to the same period last year. The Group produced approximately 38,880 tonnes of sulphuric acid (98% concentration), 786 kg of gold and 40,786 kg of silver. Based on the market condition in the first half of 2013, the Group concentrated its sales in the domestic market. The top ten clients of the Company accounted for 30.31% of its domestic sales volume.

## FINANCIAL HIGHLIGHTS

### I. Major accounting data and financial indicators of the Company (Unaudited)

#### (I) Major accounting data

Unit: Yuan Currency: RMB

Major accounting data	For the reporting period (January to June)	For the same period last year	Increase/decrease as compared with the same period last year (%)
Operating income	2,689,732,751.26	3,033,114,111.64	-11.32
Net profit attributable to shareholders of the Company	604,890,267.10	720,672,367.58	-16.07
Net profit attributable to shareholders of the Company less non-recurring gains and losses	549,206,503.24	589,912,439.74	-6.90
Net cash flow from operating activities	1,063,821,457.28	803,330,659.34	32.43

  

	As at the end of the reporting period	As at the end of last year	Increase/decrease as of the end of the reporting period as compared with the end of last year (%)
Net assets attributable to shareholders of the Company	11,582,228,668.00	11,541,534,976.32	0.35
Total assets	16,349,701,687.41	15,749,315,192.48	3.81



(II) Major financial indicators

Unit: Yuan Currency: RMB

Major financial indicators	For the reporting period (January to June)	For the same period last year	Increase/decrease as compared with the same period last year (%)
Basic earnings per share (RMB/Share)	0.12	0.15	-20.00
Diluted earnings per share (RMB/Share)			N/A
Basic earnings per share less non-recurring gains and losses (RMB/Share)	0.11	0.12	-8.33
Weighted average return on net assets (%)	5.11	6.20	Decreased by 1.09 percentage points
Weighted average return on net assets less non-recurring gains and losses (%)	4.65	5.08	Decreased by 0.43 percentage point

## II. Items and amounts of non-recurring gains and losses:

Unit: Yuan Currency: RMB

Items of non-recurring gains and losses	Amount
Profit and loss from disposal of non-current assets	-40,132.90
Government grants recognised in profit or loss (other than grants which are closely related to the Company's normal business operations and are either in fixed amounts or determined under quantitative methods in accordance with the national standards)	6,395,268.10
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those used in the effective hedging activities relating to normal operating business of the Company	-1,508,246.56
Other non-operating income or expenses other than the above	-1,152,987.68
Gains from wealth management products from banks	63,045,608.78
Fair value losses from derivatives not designated as a hedges	-52,983,720.00
Gold lease measured at fair value	52,983,720.00
Effect of minority interests	60,427.55
Effect of income taxes	-11,116,173.43
Total	55,683,763.86

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

For the six months ended 30 June 2013, profit attributable to owners of the Company was RMB604.9 million, representing a decrease of RMB115.8 million or 16.1% from RMB720.7 million for the six months ended 30 June 2012.

The comparative analysis for the six months ended 30 June 2013 and the six months ended 30 June 2012 is as follows:

### OPERATING RESULTS

For the six months ended 30 June 2013, the Group recorded an operating revenue of RMB2,689.7 million, representing a decrease of RMB343.4 million or 11.3% from RMB3,033.1 million for the six months ended 30 June 2012. For the six months ended 30 June 2013, the Group achieved a gross profit of RMB875.9 million, representing a decrease of RMB170.1 million or 16.3% from RMB1,046.0 million in the same period last year.

## OPERATING RESULTS, OPERATING COST, GROSS PROFITS AND GROSS PROFIT MARGIN BY PRODUCTS

The table below sets out the operating revenue, operating cost, gross profit and gross profit margin of our products in the first half of 2013 and in the first half of 2012:

Product Name	First half of 2013				First half of 2012			
	Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)	Operating revenue (RMB million)	Operating cost (RMB million)	Gross profit (RMB million)	Gross profit margin (%)
<b>Domestic market</b>								
— Molybdenum additive materials	1,245.1	802.5	442.6	35.6%	1,450.2	965.0	485.2	33.5%
— Tungsten concentrate (100%WO <sub>3</sub> )	545.2	101.6	443.6	81.4%	515.7	114.5	401.2	77.8%
— Processed tungsten & molybdenum products	17.6	17.7	-0.1	-0.6%	68.2	65.7	2.5	3.7%
— Gold and silver and relevant products	354.0	323.7	30.3	8.6%	211.0	141.7	69.3	32.8%
— Electrolytic lead	299.9	358.6	-58.7	-19.6%	299.3	302.7	-3.4	-1.1%
— Other	214.7	197.4	17.3	8.1%	461.0	373.6	87.4	19.0%
<b>Sub-total</b>	<b>2,676.5</b>	<b>1,801.5</b>	<b>875</b>	<b>32.7%</b>	<b>3,005.4</b>	<b>1,963.2</b>	<b>1,042.2</b>	<b>34.7%</b>
<b>International market</b>								
— Molybdenum additive materials	13.2	12.3	0.9	6.8%	21.7	18.3	3.4	15.7%
— Processed tungsten & molybdenum products					6.0	5.6	0.4	6.7%
<b>Sub-total</b>	<b>13.2</b>	<b>12.3</b>	<b>0.9</b>	<b>6.8%</b>	<b>27.7</b>	<b>23.9</b>	<b>3.8</b>	<b>13.7%</b>
<b>Total</b>	<b>2,689.7</b>	<b>1,813.8</b>	<b>875.9</b>	<b>32.6%</b>	<b>3,033.1</b>	<b>1,987.1</b>	<b>1,046.0</b>	<b>34.5%</b>

The operating revenue decreased by RMB343.4 million or 11.3% to RMB2,689.7 million in the same period of 2013 from RMB3,033.1 million in the first half of 2012, mainly attributable to: 1) a decrease in the selling prices of ferromolybdenum, gold and silver which are major products of the Group as compared with the same period last year, given the overall economic environment, and causing a decrease in operating revenue; and 2) a decrease in the sales volume of ferromolybdenum and deep-processed molybdenum products as compared with the same period last year.

For the six months ended 30 June 2013, the operating cost of the Group amounted to RMB1,813.8 million, representing a decrease of RMB173.3 million or 8.7% from RMB1,987.1 million for the same period last year, mainly attributable to: 1) the decrease in the sales volume of ferromolybdenum during the period as compared with the same period last year; and 2) the significant decrease in the cost of molybdenum and related products as compared with the same period last year following the intensified costs management of the Group during the period.

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For the six months ended 30 June 2013, the average gross profit margin of the Group was 32.6%, representing a decrease of 1.9 percentage points as compared with 34.5% for the same period last year, mainly attributable to the slight decline in the overall gross profit of the Group as a result of a decrease in the selling prices of gold and silver and relevant products of the Group during the period as compared with the same period last year and the decline in the gross profit of electrolytic lead products.

## **BUSINESS TAX AND SURCHARGES**

For the six months ended 30 June 2013, the business tax and surcharges of the Group amounted to RMB125.0 million, representing a decrease of RMB15.9 million or 11.3% from RMB140.9 million for the same period last year. Such decrease was mainly attributable to a decrease in the payable turnover taxes during the period.

## **COSTS OF SALES**

For the six months ended 30 June 2013, the costs of sales of the Group amounted to RMB9.2 million, representing a decrease of RMB3.2 million or 25.8% from RMB12.4 million for the same period last year, which was mainly attributable to a decrease in the sales volume of relevant products.

## **ADMINISTRATIVE EXPENSES**

For the six months ended 30 June 2013, the administrative expenses of the Group amounted to RMB139.2 million, representing a decrease of RMB71.4 million or 33.9% from RMB210.6 million for the same period last year. Such decrease was mainly attributable to the reduction of administrative expenses following the strengthening of budget management.

## **FINANCE EXPENSES**

For the six months ended 30 June 2013, the finance expenses of the Group amounted to RMB9.6 million, representing a decrease of RMB20.7 million or 68.3% from RMB30.3 million for the same period last year. Such decrease was mainly attributable to an increase in interest income on structured bank deposits during the period.

## **INVESTMENT INCOME**

For the six months ended 30 June 2013, the investment income of the Group was RMB137.7 million, representing an increase of RMB61.5 million or 80.7% from RMB76.2 million for the same period last year. Such increase was mainly attributable to the increase in income from the investment in treasury products and improvement in results of Luoyang Yulu Mining Co., Ltd.\* (洛陽豫鷺礦業有限責任公司) (“**Yulu Company**”), an associated company, as compared with the same period last year.

## **NON-OPERATING INCOME**

For the six months ended 30 June 2013, the non-operating income of the Group amounted to RMB7.0 million, representing a decrease of RMB17.3 million or 71.2% from RMB24.3 million for the same period last year. Such decrease was mainly attributable to a decrease in the government grants received during the period as compared with the same period last year.

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## **NON-OPERATING EXPENSES**

For the six months ended 30 June 2013, the non-operating expenses of the Group amounted to RMB1.8 million, which was on par with RMB1.8 million for the same period last year.

## **INCOME TAX EXPENSES**

For the six months ended 30 June 2013, the income tax expenses of the Group amounted to RMB111.3 million, representing an increase of RMB88.7 million or 392.5% from RMB22.6 million for the same period last year. Such increase was mainly attributable to the income tax refund due to the Company's entitlement to an income tax preferential ratio as a new and high technology enterprise for 2011 during the same period last year.

## **NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY**

For the six months ended 30 June 2013, the net profit of the Group attributable to owners of the parent company amounted to RMB604.9 million, representing a decrease of RMB115.8 million or 16.1% from RMB720.7 million for the six months ended 30 June 2012. Such decrease was mainly attributable to the fact that there was an income tax refund in the same period last year.

## **MINORITY INTERESTS**

For the six months ended 30 June 2013, the minority interests of the Group was RMB-50.3 million, representing a decrease of RMB45.5 million or 947.9% from RMB-4.8 million for the same period last year. Such decrease was mainly attributable to the decrease in the net profit of the Group's holding companies during the period.

## **FINANCIAL POSITION**

For the six months ended 30 June 2013, the total assets of the Group amounted to RMB16,349.7 million, comprising non-current assets of RMB7,999.9 million and current assets of RMB8,349.8 million. Equity attributable to shareholders of the parent company for the six months ended 30 June 2013 increased by RMB40.7 million or 0.4% to RMB11,582.2 million from RMB11,541.5 million as at 31 December 2012. Such increase was mainly due to the increase in profit of the Company during the period.

## **CURRENT ASSETS**

As at 30 June 2013, the current assets of the Group increased by RMB736.4 million or 9.7% to RMB8,349.8 million from RMB7,613.4 million as at 31 December 2012. Such increase was mainly attributable to the increase in current assets as bank borrowings increased during the period.

## **NON-CURRENT ASSETS**

As at 30 June 2013, the non-current assets of the Group amounted to RMB7,999.9 million, representing a decrease of RMB136 million or 1.7% from RMB8,135.9 million as at 31 December 2012. As at 30 June 2013, the Group did not put non-current assets in pledge.

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## **CURRENT LIABILITIES**

As at 30 June 2013, the current liabilities of the Group amounted to RMB1,941.3 million, representing an increase of RMB635.7 million or 48.7% from RMB1,305.6 million as at 31 December 2012. Such increase was mainly attributable to the increase in short-term borrowings during the period.

## **NON-CURRENT LIABILITIES**

As at 30 June 2013, the non-current liabilities of the Group amounted to RMB2,072.9 million, representing an increase of RMB0.6 million or 0.03% from RMB2,072.3 million as at 31 December 2012.

As at 30 June 2013, the Group had no contingent liabilities.

## **ASSETS-LIABILITIES RATIO**

The gearing ratio (total liabilities/total assets) of the Group increased to 24.6% as at 30 June 2013 from 21.4% as at 31 December 2012.

## **CASH FLOW**

As at 30 June 2013, the Group had cash and cash equivalents of RMB1,253.5 million, representing a decrease of RMB210.1 million or 14.4% from RMB1,463.6 million as at 31 December 2012.

For the six months ended 30 June 2013, net cash inflow generated from operating activities was RMB1,063.8 million; net cash inflow generated from investment activities was RMB-1,400.2 million; net cash inflow generated from financing activities was RMB126.3 million, including the payment of dividends for 2012 of RMB571.5 million.

During the first half of 2013, the Group implemented strict internal management and costs saving measures, thus maintaining sound operation status and healthy financial position. For the six months ended 30 June 2013, the Company had sufficient capital which enabled it to operate in a virtuous circle and satisfy the liquidity requirement for coping with the variations in the production capacity.

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATE**

The Group conducts its operations in the PRC. As the production capacity of the Group increases along with its development in the markets and recovery in the overseas molybdenum market, export sales to different countries by the Group or its subsidiary established in Hong Kong will increase. We mainly settle transactions of export sales in US dollars. Due to periodicity in calculating the amount of export income, the foreign currency risks of the Group are primarily generated from the sales of products in foreign currencies.

Currently, the Group has no formal hedging policies in place. The Group has not entered into any foreign currency exchange contracts or derivatives to hedge against the Group's currency risks.

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## **EXPOSURE TO PRICE FLUCTUATIONS OF PRODUCTS**

As the trading price of the Group's molybdenum, tungsten and precious metals products are calculated based on international and domestic prices, the Group has been exposed to the price fluctuation risk of molybdenum, tungsten and precious metals products. In the long run, the international and domestic prices of molybdenum, tungsten and precious metals products mainly depend on market demand and supply. These factors are beyond our control. Further, the prices of molybdenum, tungsten and precious metals products are also susceptible to the global and PRC economic cycles, taxation policies as well as fluctuations in the global currency market. The Group has not entered into any trading contracts and has not made any pricing arrangement to hedge against the risk arising from fluctuations in the price of nonferrous products.

## **EXPOSURE TO THE MINERAL RESOURCES**

As an enterprise engaged in mineral exploitation, the Company is highly dependent on resources. The retained reserves and grade of mineral resources directly affect the Company's operation and development. The exploitation of mineral reserves with relatively low grade may be economically infeasible if the cost of production rises due to fluctuations in the market price of metal products, the drop in the recovery rate, inflation or other factors, or restrictions caused by technical problems in the process of mining and natural conditions such as weather and natural disasters. Therefore, full utilisation of the retained reserves of the Company cannot be guaranteed and the production capacity of the Company might be affected.

## **EXPOSURE TO INTEREST RATE**

The exposure to interest rate of the Group is mainly related to our short-term and long-term borrowings and deposits. The outstanding liabilities of the Group are calculated based on the benchmark interest rate amended by The People's Bank of China and the Hong Kong inter-bank market from time to time. As of the date of this report, the Group has not entered into any type of interest agreement or derivatives to hedge against fluctuations in interest rate or liabilities.

## **USE OF PROCEEDS**

The proceeds raised by the Group from the public offering of H shares in April 2007 of approximately RMB7,694.0 million have been used up.

On 9 October 2012, the Group issued 200,000,000 ordinary shares (A shares) publicly on the Shanghai Stock Exchange at an issue price of RMB3.00 per share and the proceeds raised was RMB600.0 million. Deducting the total underwriting commission of RMB30.0 million, the actual proceeds received from the above-mentioned issuance of A shares were RMB570.0 million. After deducting other issuance expenses paid by the Company, the net actual proceeds were RMB558.1 million. The above-mentioned proceeds have not been used.

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## ANALYSIS TO A MAJOR SUBSIDIARY AND A JOINT STOCK COMPANY

### 1. Luoyang Yongning Gold & Lead Refining Co., Ltd.

Legal representative:	Zhang Jianmin
Date of establishment:	21 September 2007
Registered capital and paid-up capital:	RMB400 million
Registered address:	Xishandi Street, Xishandi Village, Luoning County
Major businesses engaged:	Smelting of lead and recycling of co-products, procurement and sale of mineral products, export of self-produced products of this company, import of raw and auxiliary materials, mechanical equipments instruments and meters and components required by the production and research of this company, processing business in relation to the products of this company, etc.

Precious Metals Company, a wholly-owned subsidiary of the Company, holds 75% of the equity of this company, while Henan Found Mining Co., Ltd. and Luoning Huatai Mining Corp. Ltd. own 15% and 10% of the equity interest of this company, respectively.

As at 30 June 2013, the total assets of this company amounted to RMB1,163,303,400 with net asset of RMB84,782,200. Revenue of this company during January to June 2013 amounted to RMB467,184,700 with a profit of RMB-171,913,800 and net profit of RMB-171,842,600.

### 2. Luoyang Yulu Mining Co., Ltd.

Legal representative:	Guo Tianhuang
Date of establishment:	24 April 2005
Registered capital and paid-up capital:	RMB50 million
Registered address:	Majuan Village, Chitudian Town, Luanchuan County
Major businesses engaged:	Production, marketing and procurement of tungsten ore and by-products

The Company holds 40% of the shares of this company, but entitles 50% of its income. As at 30 June 2013, the total assets of this Company amounted to RMB391,254,100 with net asset of RMB278,734,600. Revenue of this company during January to June 2013 amounted to RMB314,736,800 with a profit of RMB255,290,500 and net profit of RMB192,573,600. The Company confirmed the proceeds of RMB96,286,800 from the investment in this company,



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## MATERIAL EVENTS

### A. MATERIAL EVENTS

#### 1. *Lawsuit withdrawn by Feihongxiang Mining Company Limited*

On 17 December 2012, Feihongxiang Mining Company Limited filed a lawsuit accusing infringement of the Group in the amount of RMB150 million. On 14 May 2013, Feihongxiang Mining Company Limited withdrew the claim. Please refer to the announcements of the Company dated 18 December 2012 and 27 May 2013 for relevant details.

#### 2. *Issuance of debt financing instruments through private placement*

The approval of a general mandate to the board of directors of the Company (the "Board") to issue debt financing instruments of an aggregate principal amount not exceeding RMB5 billion in one or multiple tranches through private placement was approved at the annual general meeting of the Company held on 7 June 2013 and was approved for registration on 23 July 2013 (for details, please refer to the announcements published by the Company on 7 June 2013 and 29 July 2013).

#### 3. *Acquisition of the interests of Shangfanggou Mine*

The mining permit of Shangfanggou Mine (上房溝礦) ("Mining Permit") is currently held by Luoyang Fuchuan Mining Co., Ltd\* (洛陽富川礦業有限公司) ("Fuchuan"). Due to historical reasons, Mr. Li Songfeng, a natural person, and his related parties operated Shangfanggou Mine without obtaining a mining right certificate for several years. As a solution to the historical issue, the Asset Transfer Agreement and the Ore Supply Agreement were entered into between Mr. Li Songfeng and Fuchuan on 22 March 2013, pursuant to which the interest in the mine related assets formed in the mining process of and attributable to Mr. Li Songfeng and his related parties was agreed to be acquired by Fuchuan at a consideration of RMB215 million, and ore would be supplied by Fuchuan to Mr. Li Songfeng and his related parties during the term of the Mining Permit. Mr. Li Songfeng and his related parties agreed to withdraw from mining in the Shangfanggou Mine. As such, the historical issue for several years between the two parties was thereby completely solved.

#### 4. *Subsistence and separation of Luanchuan Huqi Mining Company Limited\* (樂川縣滬七礦業有限公司) (hereafter referred to as "Huqi Mining")*

On 22 December 2012, the Proposal of Maintaining While Separating LuanchuanHuqi Mining Company Limited (《關於存續分立樂川縣滬七礦業有限公司的議案》) was considered and approved at the third extraordinary meeting of the third session of the Board, pursuant to which it was agreed that Huqi Mining was to subsist and be separated into two companies. On 8 August 2013, the Company received the business licences of Huqi Mining and Luanchuan Fuhai Business and Trading Company Limited\* (樂川縣富凱商貿有限公司) from the Bureau of State Administration of Industry and Commerce in Luanchuan (樂川縣工商行政管理局), which indicated the completion of handling the industrial and commercial registration for the two new companies under the subsistence and separation. Subsequent to the subsistence and separation, the Company held 100% equity interest in the above two companies. Up till now, all relevant procedures of the subsistence and separation of Huqi Mining had been completed.

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5. ***Acquisition of 80% of the equity interest of Northparkes Joint Venture and certain associated assets of business***

On 3 July 2013, the eighth extraordinary meeting of the third session of the Board considered and approved the Resolution on Acquisition of 80% of the Equity Interest of Northparkes Joint Venture and Associated Assets (《關於公司收購Northparkes Joint Venture 80%股權及相關資產的議案》), pursuant to which it was agreed that the Company is to submit a binding tender on acquisition of 80% of the interests and relevant assets in Northparkes Joint Venture held by North Mining Limited, a subsidiary of Rio Tinto Group. On 26 July 2013, the Company, CMOC Mining Pty Limited and North Mining Limited entered into the Asset Sale and Purchase Agreement (《資產出售及購買協議》) and Process Deed (《進程契約》). For details, please refer to the announcement of the Company on 30 July 2013.

**B. HONOURS**

1. ***The Group was selected into the list of “Top 100” enterprises in the whole province***

Before 11 March 2013, the Group was honoured as one of the 100 enterprises with great scale effect in the whole province by the provincial government of Henan and given support on a priority basis.

**MARKET PROSPECT FOR THE SECOND HALF OF 2013**

**MARKET OUTLOOK**

***Molybdenum market***

There are numerous uncertainties in the domestic and international economies in 2013. While the gloomy iron and steel industry is unlikely to recover, liquidity shortage, inventory level and demand are the three most important factors that have a bearing on the molybdenum market. As the third quarter, known traditionally as the off-peak season, approaches, the market of the primary molybdenum products will still be beleaguered for a relatively long period of time and the prices of such products will mainly fluctuate or fall downwards. However, production of the newly developed molybdenum mines expected by the market was postponed, supply will also be reduced due to the suspension or reduction of production of the existing molybdenum mines, together with the relatively low level of the prices of primary molybdenum products for the year, it is likely that prices will gradually pick up from the lows at the end of July. After the off-peak season, the weather factor will cause enterprises in the North-eastern region to suspend or reduce production in the fourth quarter, which will further reduce the supply. The molybdenum industry is estimated to turnaround in the fourth quarter. For the international market, as costs are low, the price has dropped to below US\$10/lb Mo thus far but international molybdenum producers still enjoy growth potential. As international molybdenum producers are by large consolidated conglomerates, they tend to be more flexible when the price level is not satisfactory by adjusting the production volume of molybdenum products. In the second half of the year, there is a greater chance for the international market to decline amid stability. For certain, the price level may see a modest rise if there is an increase in the number of entities that have suspended production activities and a change in the structure of the demand and supply in market.

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### ***Tungsten market***

In the second half of 2013, conditions of the tungsten market remain dependent on the demand. However, the growth of the macroeconomic fundamentals in the PRC could be limited, and we expect that in the second half of this year, tungsten price will not continue to rise but will most probably remain at a high level.

### **BUSINESS OUTLOOK**

In the second half of 2013, the production volume of major products will remain the same as that in the first half of 2013 with reference to the market conditions.

In the second half of 2013, the management of the Company will aggressively respond to opportunities and challenges in the molybdenum and tungsten markets, to further carry on with production and operation to fully meet the targets set for the year. In addition, the Company will seek to implement new projects and to develop new economic growth. Through vigorous resource integration and overseas acquisitions in strict adherence to our corporate development strategies, we expect to enhance our comprehensive strengths and profitability to achieve better returns to shareholders.

By Order of the Board

**Wu Wenjun**

*Chairman*

Luoyang, the PRC, 22 August 2013

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## DIRECTORS AND SUPERVISORS

As at 22 August 2013, our Board consisted of the following 11 directors of the Company (the “**Directors**”), and the supervisory committee consisted of the following 3 supervisors of the Company, pursuant to the Articles of Association, by which our Directors and supervisors have a term of three years, renewable upon re-election.

Executive Directors: Wu Wenjun, Li Chaochun, Li Faben, Wang Qinxu, Gu Meifeng

Non-executive Directors: Shu Hedong, Zhang Yufeng

Independent non-executive Directors: Bai Yanchun, Xu Shan, Cheng Gordon, Xu Xu

Supervisors: Zhang Zhenhao, Yin Dongfang, Deng Jiaoyun

## EMPLOYEES

As of 30 June 2013, there were a total of 8,235 employees in the Group, including 1,021 management and administration staff, 6,589 production staff and 625 professional and technical staff. Based on the general operation of the Company and the contribution of employees, the Group provided employees with remuneration and benefits, including salary, pension insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance, housing reserve fund and state-administered retirement benefit scheme.

## SHARE CAPITAL

	As at 30 June 2013	
	Number of shares	Amount RMB
A shares at a nominal value of RMB0.20 per share	3,765,014,525	753,002,905
H shares at a nominal value of RMB0.20 per share	1,311,156,000	262,231,200
Total	5,076,170,525	1,015,234,105

## SHARE CAPITAL STRUCTURE

As at 30 June 2013, the share capital structure of the Company was as follows:

Shareholders	As at 30 June 2013	
	No. of shares	Approximate percentage of total share capital
<b> Holders of A shares </b>		
Luoyang Mining Group Co., Ltd.	1,776,593,475	35.00%
Cathay Fortune Corporation	1,726,706,322	34.02%
National Council for Social Security Fund of the PRC	20,000,000	0.39%
Other holders of A shares	241,714,728	4.76%
<b> Holders of H shares </b>		
National Council for Social Security Fund of the PRC	119,196,000	2.35%
JP Morgan Chase & Co.	74,855,037	1.48%
Other holders of H shares	1,117,074,963	22.01%
Total	5,076,170,525	100.00%
<b> Class of shares </b>		
A shares	3,765,014,525	74.17%
H shares	1,311,156,000	25.83%
Total shares	5,076,170,525	100.00%

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

To the best knowledge of all Directors and supervisors, as at 30 June 2013, the persons or companies (other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of shares held	Capacity	Class of Share	Approximate percentage of shareholding in relevant class of shares
Luoyang Mining Group Co., Ltd. ("LMG")	1,776,593,475	Beneficial owner	A share	47.19%
Cathay Fortune Corporation ("CFC")	1,726,706,322	Beneficial owner	A share	45.86%
National Council for Social Security Fund of the PRC	20,000,000	Beneficial owner	A share	0.53%
	119,196,000 (L)	Beneficial owner	H share	9.09%
JP Morgan Chase & Co.	70,021,570 (L)	Beneficial owner	H share	5.34%
	4,863,467 (S)	Beneficial owner	H share	0.37%
	63,936,000 (P)	Custodian	H share	4.88%

Note: (L) — Long position; (S) — Short position; (P) — Lending pool

Save as disclosed above, as at 30 June 2013, the Directors were not aware of any other person (other than a Director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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## **DIRECTORS' INTERESTS**

### **DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

None of the Directors or supervisors had a material interest, either directly or indirectly, in any contract with significant influence to the business of the Group to which the Company, its holding companies, or any of its subsidiaries was a party subsisted during the first half of the year or at the end of first half of the year.

### **DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES**

As at 30 June 2013, none of the Directors, chief executives and supervisors nor their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, which require the Company and the Hong Kong Stock Exchange to be notified pursuant to Part XV of the SFO or which, pursuant to Section 352 of the SFO, require such interests or short positions to be entered into the register referred to therein or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

### **DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the six months ended 30 June 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors, chief executives, supervisors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors, chief executives or supervisors of the Company to acquire such rights in any other body corporate.

### **DIVIDENDS**

At the Board meeting held on 22 August 2013, the Directors did not propose to declare any interim dividend for the six months ended 30 June 2013.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company for the six months ended 30 June 2013.

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## **CORPORATE GOVERNANCE**

The Company is committed to improving its corporate governance, and enhancing the transparency to shareholders. For the period of the six months ended 30 June 2013, in the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

## **BOARD OF DIRECTORS**

The Board of the Company consisted of 11 Directors, namely 5 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors. For the six months ended 30 June 2013, the Board convened seven meetings (with an attendance rate of 99%).

## **SUPERVISORY COMMITTEE**

The Company has a supervisory committee comprising 3 supervisors to exercise supervision over the Board, the Directors and members of the senior management; and to prevent them from abusing their powers and authorities and jeopardizing the legal interests of the shareholders, the Company and its employees. The supervisory committee convened two meetings during the six months ended 30 June 2013 (with an attendance rate of 100%).

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiries, the Board confirmed that all the Directors complied with the required standard set out in the Model Code throughout the six months ended 30 June 2013.



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## **AUDIT COMMITTEE**

The terms of reference of the audit committee based on “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants have been adopted by the Board. The audit committee provides an important link between the Board and the Company’s auditors in matters falling within the scope of the audit of the Company and the Group. The audit committee will review the effectiveness of the external audit and of internal controls, evaluate risks and will provide advice and guidance to the Board. The current audit committee comprises two independent non-executive Directors and one non-executive Director, namely, Mr. Xu Shan, Mr. Cheng Gordon and Mr. Zhang Yufeng. The audit committee has reviewed the unaudited financial statements of the Company for the six months ended 30 June 2013 and considered that the statements complied with relevant accounting standards and that the Company has made appropriate disclosure.

## **NON-COMPETE AGREEMENTS**

On 6 September 2006, non-compete agreements were entered into between the Company and each of LMG and CFC, respectively. LMG and CFC agreed not to compete with us in our businesses and granted us certain options and rights of first refusal pursuant to the non-compete agreements. Details of the non-compete agreements have already been disclosed under the section headed “Relationship with Controlling Shareholders - Non-Compete Agreements” in the prospectus of the Company dated 13 April 2007. LMG and CFC issued Non-competition Undertaking Letters (《避免同業競爭承諾函》) to the Company on 18 May 2011 and 30 January 2011 respectively, and undertook to not compete in the businesses that the Company operates or further develops. Details of the Non-competition Undertaking Letters had been disclosed under Section VII “Peer Competition and Connected Transactions” (同業競爭與關聯交易) in the prospectus dated 8 October 2012.

## CONSOLIDATED BALANCE SHEET

30 June 2013

Unit: Yuan Currency: RMB

Item	Notes	Balance as at the end of the period	Balance as at the beginning of the year
<b>Current Assets:</b>			
Bank balances and cash	Note V. (I)	<b>2,873,028,903.21</b>	2,710,070,379.19
Held-for-trading financial assets	Note V. (II)	<b>9,383,026.93</b>	10,891,273.49
Notes receivable	Note V. (III)	<b>1,064,164,828.73</b>	1,220,159,395.98
Accounts receivables	Note V. (V)	<b>698,863,266.50</b>	640,733,755.79
Prepayments	Note V. (VII)	<b>236,775,776.35</b>	227,396,412.53
Interest receivable	Note V. (IV)	<b>18,915,911.25</b>	11,504,773.64
Other receivables	Note V. (VI)	<b>78,842,073.13</b>	70,336,012.59
Inventories	Note V. (VIII)	<b>961,460,470.38</b>	1,310,298,697.22
Other current assets	Note V. (IX)	<b>2,408,329,678.59</b>	1,412,014,904.49
<b>Total Current Assets</b>		<b>8,349,763,935.07</b>	7,613,405,604.92
<b>Non-current Assets:</b>			
Long-term equity investments	Note V. (XI)	<b>1,612,043,643.58</b>	1,678,402,125.96
Investment properties			
Fixed assets	Note V. (XII)	<b>3,538,206,892.18</b>	3,623,670,473.44
Construction in progress	Note V. (XIII)	<b>462,886,207.50</b>	398,038,691.38
Intangible assets	Note V. (XIV)	<b>2,050,408,533.95</b>	2,057,651,702.79
Long-term deferred expenses	Note V. (XV)	<b>139,633,406.89</b>	135,300,540.93
Deferred tax assets	Note V. (XVI)	<b>136,742,132.94</b>	133,435,838.06
Other non-current assets	Note V. (XVIII)	<b>60,016,935.30</b>	109,410,215.00
<b>Total Non-current Assets</b>		<b>7,999,937,752.34</b>	8,135,909,587.56
<b>TOTAL ASSETS</b>		<b>16,349,701,687.41</b>	15,749,315,192.48

Item	Notes	Balance as at the end of the period	Balance as at the beginning of the year
<b>Current Liabilities:</b>			
Short-term borrowings	Note V. (XIX)	411,200,000.00	10,000,000.00
Held-for-trading financial liabilities	Note V. (XX)	352,728,000.00	—
Notes payable	Note V. (XXI)	14,327,761.16	75,891,401.38
Accounts payable	Note V. (XXII)	187,762,618.57	267,690,496.16
Receipts in advance	Note V. (XXIII)	83,526,095.08	49,024,118.34
Employee benefits payable	Note V. (XXIV)	96,948,017.31	120,121,388.57
Taxes payable	Note V. (XXV)	-94,387,369.99	-168,792,483.06
Interest payable	Note V. (XXVI)	90,566,666.64	41,166,666.66
Dividends payable	Note V. (XXVII)	214,424,435.06	150,547,472.71
Other payables	Note V. (XXVIII)	320,421,353.36	481,230,559.29
Non-current liabilities due within one year		242,385,475.70	262,320,927.26
Other current liabilities	Note V. (XXX)	21,392,882.74	16,433,778.49
Total Current Liabilities		1,941,295,935.63	1,305,634,325.80
Net current assets		6,408,467,999.44	6,307,771,279.12
<b>Total assets less current liabilities</b>		<b>14,413,699,251.78</b>	<b>14,443,680,866.68</b>
<b>Non-current Liabilities:</b>			
Bonds payable	Note V. (XXXI)	2,000,000,000.00	2,000,000,000.00
Provisions	Note V. (XXXIX)	47,570,371.67	46,983,083.13
Other non-current liabilities	Note V. (XXXII)	25,303,634.90	25,303,634.90
Total Non-current Liabilities		2,072,874,006.57	2,072,286,718.03
<b>TOTAL LIABILITIES</b>		<b>4,014,169,942.20</b>	<b>3,377,921,043.83</b>
<b>Owners' Equity (or Shareholders' Equity):</b>			
Paid-in capital (or share capital)	Note V. (XXXIII)	1,015,234,105.00	1,015,234,105.00
Capital reserve	Note V. (XXXV)	8,102,977,121.92	8,102,977,121.92
Special reserve	Note V. (XXXIV)	124,422,766.42	78,938,263.32
Surplus reserve	Note V. (XXXVI)	704,898,171.11	704,898,171.11
Undistributed profits	Note V. (XXXVII)	1,637,295,709.53	1,641,545,905.43
Exchange differences arising on translation of financial statements denominated in foreign currencies		-2,599,205.98	-2,058,590.46
Total equity attributable to the owners of the parent company		11,582,228,668.00	11,541,534,976.32
Minority interests		753,303,077.21	829,859,172.33
Total Owners' Equity		12,335,531,745.21	12,371,394,148.65
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>16,349,701,687.41</b>	<b>15,749,315,192.48</b>

Legal representative:  
Wu Wenjun

Person-in-charge of accounting affairs:  
Gu Meifeng

Head of the accounting department:  
Zhang Hongwei

## BALANCE SHEET OF THE COMPANY

30 June 2013

Unit: Yuan Currency: RMB

Item	Notes	Balance as at the end of the period	Balance as at the beginning of the year
<b>Current assets:</b>			
Bank balances and cash		<b>2,695,886,199.34</b>	2,033,082,435.07
Held-for-trading financial assets		<b>7,944,840.00</b>	9,437,760.00
Notes receivable		<b>1,419,764,827.76</b>	1,190,664,406.12
Accounts receivables	Note XI. (I)	<b>80,690,119.41</b>	200,685,773.67
Prepayments		<b>98,869,574.31</b>	4,613,139.78
Interest receivable		<b>132,883,663.28</b>	91,675,640.19
Dividends receivable		<b>108,312,560.31</b>	47,086,082.08
Other receivables	Note XI. (II)	<b>1,289,261,007.32</b>	1,890,551,021.80
Inventories		<b>160,272,332.27</b>	184,200,381.46
Other current assets		<b>2,206,027,525.44</b>	1,009,139,902.79
<b>Total current assets</b>		<b>8,199,912,649.44</b>	6,661,136,542.96
<b>Non-current Assets:</b>			
Long-term equity investments	Note XI. (III)	<b>3,932,478,289.05</b>	3,784,154,738.50
Fixed assets		<b>1,690,733,710.50</b>	1,768,028,862.34
Construction in progress		<b>92,214,226.89</b>	101,588,826.44
Intangible assets		<b>572,507,690.57</b>	698,060,076.40
Long-term deferred expenses		<b>125,213,429.69</b>	128,877,574.21
Deferred tax assets		<b>45,016,714.87</b>	48,308,654.47
Other non-current assets		<b>1,140,611,455.00</b>	1,190,611,455.00
<b>Total non-current assets</b>		<b>7,598,775,516.57</b>	7,719,630,187.36
<b>Total assets</b>		<b>15,798,688,166.01</b>	14,380,766,730.32

Item	Notes	Balance as at the end of the period	Balance as at the beginning of the year
<b>Current Liabilities:</b>			
Short-term borrowings		400,000,000.00	—
Held-for-trading financial liabilities		352,728,000.00	—
Accounts payable		72,274,447.54	83,367,838.00
Receipts in advance		9,322,378.58	1,034,625.18
Employee benefits payable		59,006,750.15	81,268,838.23
Taxes payable		-6,621,179.36	-52,191,317.44
Interest payable		94,467,971.08	46,715,089.16
Dividends payable		157,338,720.00	119,701,676.04
Other payables		754,419,558.00	482,209,385.83
Non-current liabilities due within one year		45,940,525.90	16,202,199.26
Other current liabilities		11,948,929.49	7,697,911.20
<b>Total current liabilities</b>		<b>1,950,826,101.38</b>	786,006,245.46
<b>Non-current liabilities:</b>			
Bonds payable		2,000,000,000.00	2,000,000,000.00
Provisions		47,570,371.67	46,983,083.13
Deferred tax liabilities			
Other non-current liabilities		20,287,096.70	19,901,510.90
<b>Total non-current liabilities</b>		<b>2,067,857,468.37</b>	2,066,884,594.03
<b>Total liabilities</b>		<b>4,018,683,569.75</b>	2,852,890,839.49
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		1,015,234,105.00	1,015,234,105.00
Capital reserve		8,102,977,121.92	8,102,977,121.92
Special reserve		121,853,783.59	78,466,587.27
Surplus reserve		704,898,171.11	704,898,171.11
Undistributed profits		1,835,041,414.64	1,626,299,905.53
<b>Total owners' equity (or shareholders' equity)</b>		<b>11,780,004,596.26</b>	11,527,875,890.83
<b>Total liabilities and owners' equity (or shareholders' equity)</b>		<b>15,798,688,166.01</b>	14,380,766,730.32

Legal representative:  
**Wu Wenjun**

Person-in-charge of accounting affairs:  
**Gu Meifeng**

Head of the accounting department:  
**Zhang Hongwei**

## CONSOLIDATED INCOME STATEMENT

January to June 2013

Unit: Yuan Currency: RMB

Item	Notes	Amount for the period	Amount for the previous period
<b>I. Total operating income</b>		<b>2,689,732,751.26</b>	3,033,114,111.64
Including: Operating income	Note V. (XXXVIII)	<b>2,689,732,751.26</b>	3,033,114,111.64
<b>II. Total operating cost</b>		<b>2,165,226,332.67</b>	2,392,537,076.62
Including: Operating costs	Note V. (XXXVIII)	<b>1,813,823,569.12</b>	1,987,118,624.64
Business taxes and levies	Note V. (XXXIX)	<b>124,994,203.81</b>	140,871,234.69
Selling expenses	Note V. (XL)	<b>9,243,181.98</b>	12,411,359.79
Administrative expenses	Note V. (XLI)	<b>139,233,853.05</b>	210,563,607.27
Financial expenses	Note V. (XLII)	<b>9,583,033.51</b>	30,276,216.62
Impairment losses of assets	Note V. (XLV)	<b>68,348,491.20</b>	11,296,033.61
Add: Gains from change in fair value (Losses are indicated by “-”)	Note V. (XLIII)	<b>-1,508,246.56</b>	-774,399.42
Investment income (Loss is indicated by “-”)	Note V. (XLIV)	<b>137,687,128.40</b>	76,169,914.46
Including: Income from investments in associates and joint ventures		<b>74,641,519.62</b>	66,772,627.31
<b>III. Operating profit (Losses are indicated by “-”)</b>		<b>660,685,300.43</b>	715,972,550.06
Add: Non-operating income	Note V. (XLVI)	<b>7,018,841.43</b>	24,292,601.69
Less: Non-operating expenses	Note V. (XLVII)	<b>1,816,693.91</b>	1,834,446.02
Including: Loss from disposal of non-current assets		<b>40,132.90</b>	137,968.66
<b>IV. Total profit (Total losses are indicated by “-”)</b>		<b>665,887,447.95</b>	738,430,705.73
Less: Income tax expenses	Note V. (XLVIII)	<b>111,313,357.58</b>	22,587,394.46
<b>V. Net profit (Net losses are indicated by “-”)</b>		<b>554,574,090.37</b>	715,843,311.27
Net profit attributable to owners of the parent company		<b>604,890,267.10</b>	720,672,367.58
Profit or loss attributable to minority interests		<b>-50,316,176.73</b>	-4,829,056.31
<b>VI. Earnings per share</b>			
Basic earnings per share	Note V. (XLIX)	<b>0.12</b>	0.15
<b>VII. Other comprehensive income (Losses indicated by “-”)</b>	Note V. (L)	<b>-540,615.52</b>	-280,986.66
<b>VIII. Total comprehensive income</b>		<b>554,033,474.85</b>	715,562,324.61
Total comprehensive income attributable to owners of the parent company		<b>604,349,651.58</b>	720,391,380.92
Total comprehensive income attributable to minority interests (Total losses indicated by “-”)		<b>-50,316,176.73</b>	-4,829,056.31

For business combination involving entities under common control occurred during the period, net profit of the acquiree generated before the business combination is: RMB Nil.

Legal representative:  
**Wu Wenjun**

Person-in-charge of accounting affairs:  
**Gu Meifeng**

Head of the accounting department:  
**Zhang Hongwei**

## INCOME STATEMENT OF THE COMPANY

January to June 2013

Unit: Yuan Currency: RMB

Item	Notes	Amount for the period	Amount for the previous period
<b>I. Operating income</b>	Note XI. (IV)	<b>1,529,210,519.85</b>	1,619,919,537.63
Less: Operating costs	Note XI. (IV)	<b>637,383,880.23</b>	777,984,086.98
Business taxes and levies		<b>120,454,343.56</b>	134,838,268.26
Selling expenses		—	126,653.20
Administrative expenses		<b>67,560,515.45</b>	131,397,752.71
Financial expenses		<b>-12,060,168.64</b>	22,351,579.65
Impairment losses of assets		<b>2,936,453.13</b>	—
Add: Gains from change in fair value (Losses are indicated by “-”)		<b>-1,492,920.00</b>	-720,360.00
Investment income (Losses are indicated by “-”)	Note XI. (V)	<b>204,866,021.96</b>	89,217,208.39
Including: Income from investments in associates and joint ventures		<b>89,823,550.55</b>	69,567,627.31
<b>II. Operating profit</b> (Losses are indicated by “-”)		<b>916,308,598.08</b>	641,718,045.22
Add: Non-operating income		<b>10,845,133.95</b>	22,366,268.33
Less: Non-operating expenses		<b>1,519,974.37</b>	1,260,000.00
Including: Loss from disposal of non-current assets		—	—
<b>III. Total profit</b> (Total losses are indicated by “-”)		<b>925,633,757.66</b>	662,824,313.55
Less: Income tax expenses		<b>107,751,785.55</b>	-20,219,409.40
<b>IV. Net profit</b> (Net losses are indicated by “-”)		<b>817,881,972.11</b>	683,043,722.95
<b>V. Other comprehensive income</b>		—	—
<b>VI. Total comprehensive income</b>		<b>817,881,972.11</b>	683,043,722.95

Legal representative:  
**Wu Wenjun**

Person-in-charge of accounting affairs:  
**Gu Meifeng**

Head of the accounting department:  
**Zhang Hongwei**

## CONSOLIDATED CASH FLOW STATEMENT

January to June 2013

Unit: Yuan Currency: RMB

Item	Notes	Amount for the period	Amount for the previous period
<b>I. Cash flows from operating activities:</b>			
Cash receipts from the sale of goods and the rendering of services		2,931,524,955.30	3,497,061,383.66
Receipts of tax refunds		1,339,180.54	1,000,000.00
Other cash receipts relating to operating activities	Note V. (LI).1	76,304,299.67	58,497,868.66
<b>Sub-total of cash inflows from operating activities</b>		<b>3,009,168,435.51</b>	<b>3,556,559,252.32</b>
Cash payments for goods purchased and services received		1,070,444,021.88	1,794,930,342.05
Cash payments to and on behalf of employees		331,059,022.30	320,966,593.84
Payments of various types of taxes		499,104,682.30	521,797,052.99
Other cash payments relating to operating activities	Note V. (LI).2	44,739,251.75	115,534,604.10
<b>Sub-total of cash outflows from operating activities</b>		<b>1,945,346,978.23</b>	<b>2,753,228,592.98</b>
<b>Net Cash flow from operating activities</b>		<b>1,063,821,457.28</b>	<b>803,330,659.34</b>
<b>II. Cash flows from investing activities:</b>			
Cash receipts from disposals and recovery of investments		1,400,016,888.25	2,331,005,406.59
Cash receipts from investment income		141,000,000.00	120,000,000.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		13,000.00	502,760.66
Other cash receipts relating to investing activities		—	30,000,000.00
<b>Sub-total of cash inflows from investing activities</b>		<b>1,541,029,888.25</b>	<b>2,481,508,167.25</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		191,261,396.38	252,385,271.07
Cash payments to acquire investments		2,750,000,000.00	2,267,000,000.00
<b>Sub-total of cash outflows from investing activities</b>		<b>2,941,261,396.38</b>	<b>2,519,385,271.07</b>
<b>Net cash flow from investing activities</b>		<b>-1,400,231,508.13</b>	<b>-37,877,103.82</b>



Unit: Yuan Currency: RMB

Item	Notes	Amount for the period	Amount for the previous period
<b>III. Cash flows from financing activities:</b>			
Cash receipts from borrowings		<b>395,894,862.18</b>	345,000,000.00
Other cash receipts relating to financing activities	Note V. (LI).3	<b>352,728,000.00</b>	—
Sub-total of cash inflows from financing activities		<b>748,622,862.18</b>	345,000,000.00
Cash repayments of borrowings		<b>40,300,000.00</b>	2,308,675,124.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		<b>571,503,419.04</b>	118,230,273.13
Including: payments for distribution of dividends or profits to minority owners of subsidiaries		—	15,065,562.10
Other cash payments relating to financing activities	Note V. (LI).4	<b>10,514,045.18</b>	—
Sub-total of cash outflows from financing activities		<b>622,317,464.22</b>	2,426,905,397.13
Net cash flow from financing activities		<b>126,305,397.96</b>	-2,081,905,397.13
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>-68,899.81</b>	117,939.25
<b>V. Net increase in cash and cash equivalents</b>		<b>-210,173,552.70</b>	-1,316,333,902.36
Add: Opening balance of cash and cash equivalents		<b>1,463,636,840.70</b>	2,779,197,065.90
<b>VI. Closing balance of cash and cash equivalents</b>		<b>1,253,463,288.00</b>	1,462,863,163.54

Legal representative:  
**Wu Wenjun**

Person-in-charge of accounting affairs:  
**Gu Meifeng**

Head of the accounting department:  
**Zhang Hongwei**

## CASH FLOW STATEMENT OF THE COMPANY

January to June 2013

Unit: Yuan Currency: RMB

Item	Notes	Amount for the period	Amount for the previous period
<b>I. Cash flow from operating activities:</b>			
Cash receipts from the sale of goods and the rendering of services		1,700,162,073.92	1,787,873,360.14
Receipts of tax refunds		—	1,000,000.00
Other cash receipts relating to operating activities		61,599,894.53	60,732,593.46
Sub-total of cash inflows from operating activities		1,761,761,968.45	1,849,605,953.60
Cash payments for goods purchased and services received		259,612,121.02	610,276,721.40
Cash payments to and on behalf of employees		182,741,955.49	208,181,073.56
Payments of various types of taxes		428,830,329.34	454,341,244.27
Other cash payments relating to operating activities		15,647,987.70	150,844,679.47
Sub-total of cash outflows from operating activities		886,832,393.55	1,423,643,718.70
Net cash flow from operating activities		874,929,574.90	425,962,234.90
<b>II. Cash flows from investing activities:</b>			
Cash receipts from disposals and recovery of investments		810,815,372.94	2,074,400,986.16
Cash receipts from investment income		141,000,000.00	134,723,255.48
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		—	250,000.00
Other cash receipts relating to investing activities		704,000,000.00	549,596,793.49
Sub-total of cash inflows from investing activities		1,655,815,372.94	2,758,971,035.13
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		18,241,253.70	117,509,974.34
Cash payments to acquire investments		2,814,959,466.00	2,067,000,000.00
Other cash payments relating to investing activities		—	300,000,000.00
Sub-total of cash outflows from investing activities		2,833,200,719.70	2,484,509,974.34
Net cash flow from investing activities		-1,177,385,346.76	274,461,060.79

Item	Notes	Amount for the period	Amount for the previous period
<b>III. Cash flows from financing activities:</b>			
Cash receipts from borrowings		394,655,555.52	300,000,000.00
Other cash receipts relating to financing activities		352,728,000.00	3,382,965,306.36
Sub-total of cash inflows from financing activities		747,383,555.52	3,682,965,306.36
Cash repayments of borrowings		—	2,100,000,000.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		571,503,419.04	99,908,365.39
Other cash payments relating to financing activities		10,415,637.87	3,083,053,147.55
Sub-total of cash outflows from financing activities		581,919,056.91	5,282,961,512.94
Net cash flow from financing activities		165,464,498.61	-1,599,996,206.58
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		-68,899.81	—
<b>V. Net increase in cash and cash equivalents</b>		-137,060,173.06	-899,572,910.89
Add: Opening balance of cash and cash equivalents		1,232,946,372.40	1,646,450,449.61
<b>VI. Closing balance of cash and cash equivalents</b>		1,095,886,199.34	746,877,538.72

Legal representative:  
**Wu Wenjun**

Person-in-charge of accounting affairs:  
**Gu Meifeng**

Head of the accounting  
department:  
**Zhang Hongwei**

## CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to June 2013

Unit: Yuan Current: RMB

Item	Amount for the period							Total owners' equity
	Equity attributable to owners of the Company							
	Paid-up capital (or share capital)	Capital reserve	Special reserve	Surplus reserve	Undistributed profit	Others	Minority interests	
I. Closing balance of previous year	1,015,234,105.00	8,102,977,121.92	78,938,263.32	704,898,171.11	1,641,545,905.43	-2,058,590.46	829,859,172.33	12,371,394,148.65
II. Opening balance of the year	1,015,234,105.00	8,102,977,121.92	78,938,263.32	704,898,171.11	1,641,545,905.43	-2,058,590.46	829,859,172.33	12,371,394,148.65
III. Changes for the period (decrease is indicated by "-")	—	—	45,484,503.10	—	-4,250,195.90	-540,615.52	-76,556,095.12	-35,862,403.44
(I) Net profit	—	—	—	—	604,890,267.10	—	-50,316,176.73	554,574,090.37
(II) Other comprehensive income	—	—	—	—	—	-540,615.52	—	-540,615.52
Sub-total of (I) and (II) above	—	—	—	—	604,890,267.10	-540,615.52	-50,316,176.73	554,033,474.85
(III) Profit distribution	—	—	—	—	-609,140,463.00	—	-26,239,918.39	-635,380,381.39
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—
2. Distribution to owners (or shareholders)	—	—	—	—	-609,140,463.00	—	-26,239,918.39	-635,380,381.39
(IV) Special reserve	—	—	45,484,503.10	—	—	—	—	45,484,503.10
1. Transfer to special reserve in the period	—	—	205,373,861.39	—	—	—	—	205,373,861.39
2. Amount utilised in the period	—	—	159,889,358.29	—	—	—	—	159,889,358.29
IV. Closing balance of the period	1,015,234,105.00	8,102,977,121.92	124,422,766.42	704,898,171.11	1,637,295,709.53	-2,599,205.98	753,303,077.21	12,335,531,745.21

Unit: Yuan Current: RMB

Item	Amount for the same period last year							Total Owners equity
	Equity attributable to owners of the Company							
	Paid-up capital (or share capital)	Capital reserve	Special reserve	Surplus reserve	Undistributed profit	Others	Minority interests	
I. Closing balance of previous year	975,234,105.00	7,584,830,422.21	78,916,909.25	704,898,171.11	1,048,096,576.11	-1,842,810.97	868,853,735.28	11,258,987,107.99
II. Opening balance of the year	975,234,105.00	7,584,830,422.21	78,916,909.25	704,898,171.11	1,048,096,576.11	-1,842,810.97	868,853,735.28	11,258,987,107.99
III. Changes for the period (decrease is indicated by "-")	—	—	37,904,601.75	—	720,672,367.58	-280,986.66	-9,894,618.41	748,401,364.26
(I) Net profit	—	—	—	—	720,672,367.58	—	-4,829,056.31	715,843,311.27
(II) Other comprehensive income	—	—	—	—	—	-280,986.66	—	-280,986.66
Sub-total of (I) and (II) above	—	—	—	—	720,672,367.58	-280,986.66	-4,829,056.31	715,562,324.61
(III) Profit distribution	—	—	—	—	—	—	-5,065,562.10	-5,065,562.10
1. Transfer to surplus reserve	—	—	—	—	—	—	—	—
2. Distribution to owners (or shareholders)	—	—	—	—	—	—	-5,065,562.10	-5,065,562.10
(IV) Special reserve	—	—	37,904,601.75	—	—	—	—	37,904,601.75
1. Transfer to special reserve in the period	—	—	210,538,689.66	—	—	—	—	210,538,689.66
2. Amount utilised in the period	—	—	172,634,087.91	—	—	—	—	172,634,087.91
IV. Closing balance of the period	975,234,105.00	7,584,830,422.21	116,821,511.00	704,898,171.11	1,768,768,943.69	-2,123,797.63	858,959,116.87	12,007,388,472.25

Legal representative:  
Wu Wenjun

Person-in-charge of accounting affairs:  
Gu Meifeng

Head of the accounting department:  
Zhang Hongwei

## STATEMENT OF CHANGES IN OWNERS' EQUITY OF THE COMPANY

January to June 2013

Unit: Yuan Current: RMB

Item	Paid-up capital (or share capital)	Capital reserve	Amount for the period			Undistributed profit	Total owners' equity
			Special reserve	Surplus reserve			
I. Closing balance of previous year	1,015,234,105.00	8,102,977,121.92	78,466,587.27	704,898,171.11	1,626,299,905.53	11,527,875,890.83	
II. Opening balance of the year	1,015,234,105.00	8,102,977,121.92	78,466,587.27	704,898,171.11	1,626,299,905.53	11,527,875,890.83	
III. Changes for the period (decrease is indicated by "-")			43,387,196.32	—	208,741,509.11	252,128,705.43	
(I) Net profit	—	—	—	—	817,881,972.11	817,881,972.11	
(II) Other comprehensive income	—	—	—	—	—	—	
Sub-total of (I) and (II) above	—	—	—	—	817,881,972.11	817,881,972.11	
(III) Profit distribution	—	—	—	—	-609,140,463.00	-609,140,463.00	
1. Transfer to surplus reserve	—	—	—	—	—	—	
2. Distribution to owners (or shareholders)	—	—	—	—	-609,140,463.00	-609,140,463.00	
(IV) Special reserve	—	—	43,387,196.32	—	—	43,387,196.32	
1. Transfer to special reserve in the period	—	—	192,760,237.46	—	—	192,760,237.46	
2. Amount utilised in the period	—	—	149,373,041.14	—	—	149,373,041.14	
IV. Closing balance of the period	1,015,234,105.00	8,102,977,121.92	121,853,783.59	704,898,171.11	1,835,041,414.64	11,780,004,596.26	

Unit: Yuan Current: RMB

Item	Paid-up capital (or share capital)	Capital reserve	Amount for the same period last year			Undistributed profit	Total owners' equity
			Special reserve	Surplus reserve			
I. Closing balance of previous year	975,234,105.00	7,584,830,422.21	78,916,909.25	704,898,171.11	995,259,832.67	10,339,139,440.24	
II. Opening balance of the year	975,234,105.00	7,584,830,422.21	78,916,909.25	704,898,171.11	995,259,832.67	10,339,139,440.24	
III. Changes for the period (decrease is indicated by "-")			35,513,835.02	—	683,043,722.95	718,557,557.97	
(I) Net profit	—	—	—	—	683,043,722.95	683,043,722.95	
(II) Other comprehensive income	—	—	—	—	—	—	
Sub-total of (I) and (II) above	—	—	—	—	683,043,722.95	683,043,722.95	
(III) Profit distribution	—	—	—	—	—	—	
1. Transfer to surplus reserve	—	—	—	—	—	—	
2. Distribution to owners (or shareholders)	—	—	—	—	—	—	
(IV) Special reserve	—	—	35,513,835.02	—	—	35,513,835.02	
1. Transfer to special reserve in the period	—	—	195,170,065.41	—	—	195,170,065.41	
2. Amount utilised in the period	—	—	159,656,230.39	—	—	159,656,230.39	
IV. Closing balance of the period	975,234,105.00	7,584,830,422.21	114,430,744.27	704,898,171.11	1,678,303,555.62	11,057,696,998.21	

Legal representative:  
**Wu Wenjun**

Person-in-charge of accounting affairs:  
**Gu Meifeng**

Head of the accounting  
department:  
**Zhang Hongwei**

## **I. BASIC INFORMATION ABOUT THE COMPANY:**

China Molybdenum Co., Ltd. (hereinafter referred to as the “Company”), transformed from Luoyang Luanchuan Molybdenum (Group) Limited. 洛陽樂川鉬業集團有限責任公司, was incorporated in the PRC on 25 August 2006 as a joint stock limited company by 洛陽礦業集團有限公司 Luoyang Mining Group Co., Ltd. (“LMG”) and 鴻商產業控股集團有限公司 Cathay Fortune Corporation (“CFC”).

According to the resolution of the Company’s Extraordinary General Meeting on 3 December 2006 and the approval of Guo He Zi [2007] No. 7 issued by China Securities Regulatory Commission, the Company is approved to issue up to 1,246.1 million shares of overseas listed shares (H share) (including the over-allotment of 162.5 million shares), with a par value of Renminbi (“RMB”) 0.20 each ordinary share. On 25 April 2007 the Company issued 1,083.6 million shares of overseas listed shares (H share) with a par value of RMB 0.20, and traded on the Hong Kong Stock Exchange from 26 April 2007. After the issuance of H shares, the Company’s issued shares totaled 4,767.81 million shares.

On 4 May 2007, the Company issued 108.36 million shares under the over-allotment exercises with a par value of RMB 0.20, after the over-allotment, the Company’s issued share totaled 4,876.17 million shares.

On 16 July 2012, pursuant to the approval of commission license [2012] No. 942 in the title of “The approval in respect of the initial public offering of China Molybdenum Co., Ltd.” issued by China Securities Regulatory Commission, the Company was approved to issue up to 542 million RMB ordinary shares (A share). Up to 26 September 2012, the Company had issued 200,000,000 shares of RMB ordinary shares (A shares) with a par value of RMB0.20 each ordinary share. Those shares are traded on the Shanghai Stock Exchange from 9 October 2012. The Company’s total issued shares is 5,076.17 million shares after the issuance of A shares.

The operations of the Company and its subsidiaries (hereinafter as the “Group”) consist of mining, processing, smelting and refining of tungsten and molybdenum and other related products, mining, processing and smelting of tungsten related products, exports of molybdenum and tungsten and related products and chemical products as well as the production and sales of gold and silver.

The registered office and principal place of business is North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, PRC.

## **II. THE COMPANY’S SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS IN PREVIOUS PERIOD:**

### **(I) Basis of preparation of financial statements:**

The Company’s financial statements have been prepared on a going concern basis.

The Group has adopted the Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance (“MoF”) on 15 February 2006. In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reporting (Revised in 2010), Hong Kong Company Ordinance, and the Listing Rules of Hong Kong Stock Exchange.

### **(II) Statement of compliance with the ASBE:**

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, relevant information on the Company’s financial position, results of operations, changes in shareholders’ equity and cash flows.

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### **(III) Accounting period:**

The Company has adopted the Gregorian calendar year from 1 January to 31 December as its accounting year.

### **(IV) Functional currency:**

The Company's functional currency is RMB.

### **(V) The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control:**

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

#### **5.1 Business combinations involving enterprises under common control:**

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

#### **5.2 Business combinations not involving enterprises under common control and goodwill:**

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The equity interest in the acquiree held before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

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The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. It is tested for impairment at least at the end of each year.

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognised in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

## **(VI) Preparation of consolidated financial statements:**

1. The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.



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No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

## **(VII) Recognition criteria of cash and cash equivalents:**

Cash equivalents are enterprises' short-term (usually with maturity within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **(VIII) Translation of transactions and financial statements denominated in foreign currencies:**

### **8.1 Transactions denominated in foreign currencies**

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

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At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortised cost) of available-for-sale monetary items are recognised as other comprehensive income and included in capital reserve.

When the consolidated financial statements include foreign operations, if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as “exchange differences arising on translation of financial statements denominated in foreign currencies ” in owner’s equity, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income included in capital reserve.

## **8.2 Translation of financial statements denominated in foreign currencies**

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders’ equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; the opening balance of retained earnings is the translated closing balance of the previous year’s retained earnings; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders’ equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders’ equity in the balance sheet.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as “effect of exchange rate changes on cash and cash equivalents”.

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year’s financial statements.

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## **(IX) Financial instruments:**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

### **9.1 Determination of fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, etc.

### **9.2 Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

### **9.3 Classification, recognition and measurement of financial assets**

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale ("AFS") financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

#### **9.3.1 Financial Assets at Fair Value through Profit or Loss ("FVTPL")**

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

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A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

#### 9.3.2 *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

#### 9.3.3 *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, interest receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

#### 9.3.4 *AFS financial assets*

AFS financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (1) financial assets at FVTPL, (2) loans and receivables, and (3) held-to-maturity investments.

AFS financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value (other than impairment losses and foreign exchange gains and losses resulted from foreign currency monetary assets which are recognised in profit or loss for the current period) are recognised directly in shareholders' equity, and are reversed and recognised in profit or loss for the period when such financial assets are derecognised.

Interest received during the period in which the Group holds the AFS financial assets and cash dividends declared by the investee are recognised as investment income.

Derivative financial assets linked to and which must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be measured reliably are subsequently measured at cost.

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## 9.4 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable information indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
  - Adverse changes in the payment status of borrower in the group of assets;
  - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.
  - Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a collective assessment of impairment.

— Impairment of AFS financial assets

Where AFS financial assets are impaired, accumulated losses due to decreases in fair value previously recognised directly in capital reserve are reversed and charged to profit or loss for the current period. The reversed accumulated losses are the asset's initial acquisition costs after deducting amounts recovered and amortised, current fair value and impairment losses previously recognised in profit or loss.

If, in a subsequent period, the carrying amount of financial assets increases and the increase can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment losses are reversed. The reversal of impairment losses of AFS equity instruments is recognised in equity, and the impairment losses of AFS debt instruments are recognised in profit or loss for the current period.

— Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

## **9.5 Transfer of financial assets**

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

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If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

## **9.6 Classification, recognition and measurement of financial liabilities**

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

### *9.6.1 Financial liabilities at fair value through profit or loss*

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis.

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

#### *Other financial liabilities*

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

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### **9.7 *Derecognition of Financial Liabilities***

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

### **9.8 *Offsetting financial assets and financial liabilities***

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

### **9.9 *Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognise any changes in the fair value of equity instruments.

## **(X) Receivables:**

### **1. *Receivables that are individually significant and for which bad debt provision is individually assessed:***

Basis or monetary criteria for determining an individually significant receivable

Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed

A receivable that exceeds RMB5,000,000.00 is deemed as an individually significant receivable by the Group.

For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognised are not included in a collective assessment of impairment.



## 2. *Receivables for which bad debt provision is collectively assessed on a portfolio basis:*

Basis for determining a portfolio:

<b>Name of portfolio</b>	<b>Basis</b>
Credit risk characteristics portfolio	The Group classifies the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.

Bad debt provision method for a portfolio:

<b>Name of portfolio</b>	<b>Provision method</b>
Credit risk characteristics portfolio	Aging analysis

Aging analysis is used for bad debt provision of portfolios:

<b>Aging</b>	<b>Accounts receivable proportion (%)</b>	<b>Other receivables proportion (%)</b>
Within 1 year (inclusive)	—	—
1–2 years	—	—
2–3 years	100	100
Above 3 years	100	100
3–4 years	100	100
4–5 years	100	100
Above 5 years	100	100

## **(XI) Inventories:**

### 1. *Categories of inventories*

The Group's inventories mainly include raw materials, work in progress, finished goods, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

### 2. *Valuation method of inventories upon delivery*

The weighted average method

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### **3. *Basis for determining net realisable value of inventories and provision methods for decline in value of inventories***

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

### **4. *Inventory count system***

The perpetual inventory system.

### **5. *Amortisation method for low cost and short-lived consumable items and packaging materials***

#### *(1) Low cost and short-lived consumable items*

The immediate write-off method.

#### *(2) Packaging materials*

The immediate write-off method.

## **(XII) Long-term equity investments:**

### **1. *Determination of investment cost***

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

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## **2. Subsequent measurement and recognition of profit or loss**

### *12.2.1 Long-term equity investment accounted for using the cost method*

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

### *12.2.2 Long-term equity investment accounted for using the equity method*

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

### 12.2.3 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

### 3. *Basis for determining joint control and significant influence over investee*

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

### 4. *Methods of impairment assessment and determining the provision for impairment loss*

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

## (XIII) Fixed assets:

### 1. *Recognition criteria, valuation and depreciation methods for fixed assets:*

Fixed assets are tangible assets that are of comparatively high unit value and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one year.

A fixed asset is stated at its initial cost and depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use.

### 2. *Depreciation of each category of fixed assets:*

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	8~45	0~5	2.1~11.9
Plant and machinery	8~10	5	9.5~11.9
Electronic and equipment	5	5	19.0
Motor vehicles	8	5	11.9

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### **3. *Methods of impairment assessment and determining the provision for impairment losses of fixed assets***

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

### **4. *Other explanations***

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

## **(XIV) Construction in progress:**

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of construction in progress is recognised, it is not be reversed in any subsequent period.

## **(XV) Borrowing costs:**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

## **(XVI) Intangible assets:**

### ***16.1 Intangible assets***

Intangible assets include land use rights, mining rights, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost is amortised on a straight-line basis over its estimated useful life. An intangible asset with an indefinite useful life is not amortised.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortisation method at the end of the period, and makes adjustments when necessary.

### ***16.2 Research and development expenditure***

Expenditure during the research phase is recognised as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognised as intangible asset. Expenditure during development phase that does not meet the following conditions is recognised in profit or loss for the period.

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Group has the intention to complete the intangible asset and use or sell it;
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognises all of them in profit or loss for the period.

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### **16.3 Methods of impairment assessment and determining the provision for impairment losses of intangible assets**

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

#### **(XVII) Long-term deferred expenses:**

Long-term deferred expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term deferred expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

#### **(XVIII) Provision:**

Provision is recognised when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

#### **(XIX) Revenue:**

##### ***Revenue from sale of goods***

Revenue from sale of goods is recognised when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably.

#### **(XX) Government grants:**

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

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A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

## **(XXI) Deferred tax assets/ deferred tax liabilities:**

The income tax expenses include current income tax and deferred income tax.

### ***21.1 Current income tax***

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

### ***21.2 Deferred tax assets and deferred tax liabilities***

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, and between the carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Besides, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

On the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income, in which case they are recognised in other comprehensive income; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.



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On the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be deducted. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

## **(XXII) Operating leases and finance leases:**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### ***22.1 The Group as lessee under operating leases***

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

### ***22.2 The Group as lessor under operating leases***

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

## **(XXIII) Changes in significant accounting policies and accounting estimates**

### ***1. Changes in accounting policies***

None

### ***2. Changes in accounting estimates***

None

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## (XXIV) Corrections for errors in previous period

### 1. *Retrospective restatement*

None

### 2. *Prospective application*

None

## (XXV) Other significant accounting policies, accounting estimates, and preparation of financial statements

### 25.1 *Employee benefits*

In an accounting period in which an employee has rendered service to the Group, the Group recognises the employee benefits for that service as a liability, except for compensation for termination of employment relationship with the employees.

The Group participates in the employee social security systems, such as basic pensions, medical insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

### 25.2 *Provision for production maintenance fee*

According to the existing state regulations, the Company is required to accrue "costs for maintenance of simple re-production" (hereinafter referred to as "Provision for production maintenance fee" 維簡費) based on the basis as RMB18.00 per each tonne of raw mines explored from the metallurgical mines.

When the Company accrues the "Provision for production maintenance fee" based on the required standard, the Company debit "manufacturing costs" account, and credit "special reserve" account.

When utilising the reserve for acquisition and construction of assets such as equipment and machinery for maintenance of simple re-production, the Company record the cost of related assets, debit "construction in progress", credit "bank and cash", when the status of the assets is ready for intended use, the costs of such production maintenance expenditure shall be transferred to "fixed assets", meanwhile, the Company recognise accumulated depreciation with the amount of the fixed assets, credit "accumulated depreciation", and debit "special reserve" as offset against the special reserve. Subsequently, such fixed assets is no longer depreciated. However, the reserve will not be offset when the special reserve account becomes zero.

When utilising such special reserve for maintenance expenses of simple re-production, it shall be offset against the special reserves directly, by debiting "special reserve" and crediting "bank and cash", However, the reserve will not be offset when the special reserve account becomes zero.

### 25.3 *Production safety fee*

Before 14 February 2012, in accordance with national regulations, the Group's mining entities shall accrue "Production Safety Fee" (hereinafter referred to as "Production Safety Fee") of RMB4 per ton for raw ore from surface mines, and RMB8 per ton for raw ore from underground mines. After 14 February 2012, according to Cai Qi [2012] No. 16 on the notice of the "Management Approach of The enterprise's Production Safety Fee Extraction and Utilisation", the Group's mining entities shall accrue Production Safety Fee as of RMB5 per ton for surface mine production, and RMB10 per ton for underground mine production.

Before 14 February 2012, in accordance with national regulations, the provision of safety fee for the Group's metallurgical entities is based on the actual sales revenue for the year, which is provided monthly in accordance with the following standards:

- (1) Actual sales income of RMB10 million and below, accrued in accordance with 4%;
- (2) Actual sales income of RMB10 million to RMB100 million (inclusive), accrued in accordance with 2%;
- (3) Actual sales income of RMB100 million to RMB1 billion (inclusive), accrued in accordance with 0.5%;
- (4) Actual sales income above RMB1 billion, accrued in accordance with 0.2%.

After 14 February 2012, according to Cai Qi [2012] No. 16 on the notice of "the Management Approach of The enterprise's Production Safety Fee Extraction and Utilisation", the provision of safety fee for Group's metallurgical enterprise is based on the actual sales revenue for the year, which is provided monthly in accordance with the following standards:

- (1) Actual sales income of RMB10 million and below, accrued in accordance with 3%;
- (2) Actual sales income of RMB10 million to RMB100 million (inclusive), accrued in accordance with 1.5%;
- (3) Actual sales income of RMB100 million to RMB1 billion (inclusive), accrued in accordance with 0.5%;
- (4) Actual sales income of RMB1 billion to RMB5 billion (inclusive), accrued in accordance with 0.2%;
- (5) Actual sales income of RMB5 billion to RMB10 billion (inclusive), accrued in accordance with 0.1%;
- (6) Actual sales income above RMB10 billion, accrued in accordance with 0.05%.

The Company shall provide the Production Safety Fee based on the required standard by debiting "manufacturing costs" account, and crediting "special reserve" account.

When utilising the reserve for acquisition and construction of production safety related equipment and machinery, the Company record the amount of related assets, debit "construction in progress", credit "bank and cash", when the status of the assets is ready for intended use, the costs of such expenditure shall be transferred to "fixed assets", meanwhile, the Company recognise accumulated depreciation with the amount of the fixed assets, credit "accumulated depreciation", and debit "special reserve" as offset against the special reserve. Subsequently, such fixed assets is no longer depreciated. However, the reserve will not be offset when the special reserve account becomes zero.

When utilising such production safety reserve for expenses on production safety inspection and evaluation, safety skills training and emergency rescue drill, it shall be offset against the reserves directly, by debiting "special reserve" and crediting "bank and cash", However, the reserve will not be offset when the special reserve account becomes zero.

### III. TAXATION:

#### (I) Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added Tax ("VAT")	The Company is an ordinary VAT payer. VAT on sales is paid after deducting input VAT on purchases.	Output VAT on sales is calculated at 17% on revenue according to the relevant requirement of tax laws. Gold related products is exempt from VAT.
Business tax	Taxable revenue	5%
City maintenance and construction tax	Actual turnover tax	For city urban area tax rate is 7%.
Income tax	The income tax provision is calculated based on the accounting results for the year as adjusted in accordance with the relevant tax laws.	Note 1

Note 1: Applicable enterprise income tax rate of the Group and its subsidiaries (except China Molybdenum (Hong Kong) Company Limited) is 25%.

China Molybdenum (Hong Kong) Company Limited was incorporated in Hong Kong on 3 August 2007, thus was subject to Income Tax levied at a rate of 16.5% for the year 2011 and 2012.

#### (II) Tax incentive and approval

The Company has obtained the identification of "Utilising the Industrial Waste Resources for Products of Tungsten Concentrate" issued by Henan Development and Reform Commission on 1 July 2009, the recognition certificate is valid from 1 July 2009 to 30 June 2013. Accordance to the relevant tax law, the Company obtained the allowance of the reduced rate of 90% in total revenue for selling the Tungsten concentrate, which is recorded in the taxable income for the year.

Pursuant to the "Notice of Recognition of the 2011 Second Batch of New and High Technology Enterprises in Henan Provinces" (Yuke [2012] No. 39) dated 16 March 2012, jointly issued by the Science and Technology Department of Henan Province, Finance Department of Henan Province, State Tax Bureau of Henan Province and Provincial Tax Bureau of Henan Province, the Company was recognised as one of the enterprises in the 2011 second batch of new and high technology enterprises in Henan Province. According to the provisions of Article 28 "Enterprise Income Tax Law of the People's Republic of China", the application income tax rates of the Company during 1 January 2011 to 31 December 2013 are 15%.

## IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

### 1. Information of subsidiaries

#### 1. Subsidiaries established or acquired through investments

Unit: Yuan Currency: RMB

Full name of the subsidiary	Type of subsidiaries	Place of incorporation	Nature of business	Registered capital	Business scope	Actual capital contribution at the end of the year	Balance of other items, substance, net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interests	The amount in minority interests used to write down the minority interests	The amount of owners' equity attributable to the parent company used to absorb the excess of loss for the current period attributable to the minority shareholders of subsidiaries over the minority shareholders' share of the opening balance of owners' equity of the subsidiaries
洛陽三川鋁業團冶煉有限公司 Luomu Group Refining Co., Ltd.	Wholly-owned subsidiary	Lianchuan, Henan	Refining and sales of mineral products	5,660,000.00	Manufacturing of molybdenum oxide, molybdenum steel and related products	5,660,000.00	—	100	100	Yes	—	—	—
洛陽三川鋁業團銷售有限公司 Luomu Group Sales and Trading Co., Ltd.	Wholly-owned subsidiary	Lianchuan, Henan	Trading of mineral products	2,000,000.00	Trading of molybdenum products	2,000,000.00	—	100	100	Yes	—	—	—
洛陽三川鋁業科技有限責任公司 Luoyang Dachuan Molybdenum & Tungsten Technology Co., Ltd.	Wholly-owned subsidiary	Lianchuan, Henan	Processing and sales of mineral products	157,500,000.00	Manufacturing of ammonium molybdate, and molybdenum powder	157,500,000.00	—	100	100	Yes	—	—	—
洛陽坤宇礦業有限公司 Luoyang Kunyu Mining Co., Ltd.	Controlled subsidiary	Luning, Henan	Production and sales of mineral products	531,230,000.00	Production of various non-ferrous metals	371,860,000.00	—	70	70	Yes	177,360,324.03	—	—
洛陽益都國際飯店有限公司 Luoyang Mudu International Hotel Co., Ltd.	Wholly-owned subsidiary	Luoyang, Henan	Hotel	210,000,000.00	Hotel and catering	210,000,000.00	—	100	100	Yes	—	—	—
洛陽三川鋁業團營業有限公司 Luomu Group Tungsten Co., Ltd.	Wholly-owned subsidiary	Lianchuan, Henan	Refining and sales of mineral products	100,000,000.00	Sales, processing and recovery of molybdenum and tungsten	100,000,000.00	—	100	100	Yes	—	—	—

Full name of the subsidiary	Type of subsidiaries	Place of incorporation	Nature of business	Registered capital	Business scope	Actual capital contribution at the end of the year	Balance of other items, other than that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interests	The amount in minority interests used to write down the minority interests	The amount of owners' equity attributable to the parent company used to absorb the excess of loss for the current period attributable to the minority shareholders of subsidiaries over the minority shareholders' share of the opening balance of owners' equity of the subsidiaries
洛陽鉬業集團貴金屬投資有限公司 Luomu Group Precious Metals Investment Co., Ltd.	Wholly-owned subsidiary	Luanchuan, Henan	Processing and sales of mineral products	500,000,000.00	Sales of precious metals, investment on precious metals	500,000,000.00	—	100	100	Yes	—	—	—
洛陽鉬業(香港)有限公司 China Molybdenum (Hong Kong) Company Limited	Wholly-owned subsidiary	Hong Kong	Trading of mineral products	0.96	Trading of molybdenum products	0.96	—	100	100	Yes	—	—	—
洛陽鉬業集團金屬材料有限公司 Luomu Group Metal Material Company Limited	Wholly-owned subsidiary	Luoyang, Henan	Processing and sales of mineral products	650,000,000.00	Manufacturing and trading of molybdenum products	650,000,000.00	—	100	100	Yes	—	—	—
洛陽永豐金鎘冶煉有限公司 Luoyang Yongfeng Gold & Lead Refining Co., Ltd.	Controlled subsidiary	Luoning, Henan	Lead smelting, trading of mineral products	400,000,000.00	Lead smelting, sale and manufacturing of mineral products	300,000,000.00	—	75	75	Yes	21,160,341.68	—	—
新疆益錳礦業有限公司 Xinjiang Luomu Ming Co., Ltd.	Controlled subsidiary	Xinjiang	Production and sales of mineral products	1,505,380,000.00	Extracting, processing and sales of molybdenum products	980,000,000.00	—	70	70	Yes	421,533,044.21	—	—
洛陽川錳業集團銷售有限公司 Luomu Group Sales Co., Ltd.	Wholly-owned subsidiary	Luanchuan, Henan	Trading of mineral products	50,000,000.00	Trading of molybdenum products	50,000,000.00	—	100	100	Yes	—	—	—
洛陽鉬業集團駝質合金有限公司 Luomu Group Carbide Co., Ltd.	Wholly-owned subsidiary	Luoyang, Henan	Production and sales of carbide materials	200,000,000.00	Processing and sales of carbide products and other tungsten metal products	200,000,000.00	—	100	100	Yes	—	—	—

## 2. Subsidiaries acquired through a business combination not involving enterprises under common control

Unit: Yuan Currency: RMB

Full name of the subsidiary	Type of subsidiaries	Place of incorporation	Nature of business	Registered capital	Business scope	Actual capital contribution at the end of the period	Balance of other items, that in substance, constitutes net investment in the subsidiary	Proportion of ownership interest (%)	Proportion of voting power (%)	Consolidated or not consolidated	Minority interests	The amount in minority interests write down the minority interests	The amount of owners' equity attributable to the parent company used to absorb the excess of loss for the current period attributable to the minority shareholders of subsidiaries over the minority shareholders' share of the opening balance of owners' equity of the subsidiaries
樂川隆七礦業有限公司 Luanchuan Hui Mining Company Limited	Wholly-owned subsidiary	Luanchuan, Henan	Refining and sales of mineral products	10,000,000.00	Trading processing of molybdenum products	10,000,000.00	—	100	100	Yes	—	—	—
樂川隆鎳鐵礦業有限公司 Luanchuan Qiong Mining Company Limited	Controlled subsidiary	Luanchuan, Henan	Refining and sales of mineral products	6,000,000.00	Trading molybdenum products	6,000,000.00	—	90	90	Yes	31,205.36	588,794.64	—
洛陽建設礦業有限公司 Luoyang Construction Investment and Mining Co., Ltd.	Wholly-owned subsidiary	Luoyang, Henan	Investment	5,000,000.00	Trading of molybdenum products	5,000,000.00	—	100	100	Yes	—	—	—
樂川隆富源礦業有限公司 Luanchuan Furun Mining Co., Ltd.	Wholly-owned subsidiary	Luanchuan, Henan	Refining and sales of mineral products	1,000,000.00	Sales and processing molybdenum products	1,000,000.00	—	100	100	Yes	—	—	—
樂川隆本華鎳鈷鐵礦業有限公司 Luanchuan County Daxigao Tungsten & Molybdenum Co., Ltd.	Controlled subsidiary	Luanchuan, Henan	Refining and sales of mineral products	65,650,000.00	Ore processing	33,480,000.00	—	51	51	Yes	59,622,073.77	—	—
樂川隆力源礦業有限公司 Luanchuan County Juyang Mining Co., Ltd.	Controlled subsidiary	Luanchuan, Henan	Refining and sales of minerals products	33,390,000.00	Ore processing	17,030,000.00	—	51	51	Yes	17,666,666.93	—	—
樂川隆三強鎳鐵礦業有限公司 Luanchuan County Saqiang Molybdenum & Tungsten Co., Ltd.	Controlled subsidiary	Luanchuan, Henan	Refining and sales of minerals products	55,480,000.00	Ore processing	28,230,000.00	—	51	51	Yes	55,929,411.23	—	—

## (II) Exchange rates for translating major financial statement items of overseas operations

Currency	Average exchange rate		Exchange rate at the end of the period	
	January to June 2013	January to June 2012	January to June 2013	January to June 2012
HKD	0.80	0.81	0.80	0.82

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (I) Bank balances and cash:

Unit: Yuan

Item	Closing balance for the period			Opening balance for the period		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:	/	/	/	/	/	/
RMB	/	/	664,581.22	/	/	823,393.53
Bank balances:	/	/	/	/	/	/
RMB	/	/	1,065,993,277.50	/	/	976,941,525.90
US dollars	4,271,646.83	6.1787	26,393,224.26	3,522,756.18	6.2855	22,142,283.97
HK dollars	517,487.95	0.7966	412,205.02	517,518.42	0.8108	419,603.93
Other currency funds:	/	/	/	/	/	/
RMB	/	/	1,779,565,615.21	/	/	1,709,743,571.86
<b>Total</b>	<b>/</b>	<b>/</b>	<b>2,873,028,903.21</b>	<b>/</b>	<b>/</b>	<b>2,710,070,379.19</b>

At the end of the period, the Group's other currency funds at year end as described above include structured deposit of RMB1,760,000.00, pledged deposits for bank acceptance bills and letter of credit of RMB19,565,615.21.

At the end of the period, RMB22,819,360.59 was deposited in banks in Hong Kong.

### (II) Held-for-trading financial assets:

#### 1. Details of held-for-trading financial assets are as follows:

Unit: Yuan Currency: RMB

Item	Closing fair value for the period	Opening fair value for the period
1. Held-for-trading investments in debt securities	—	—
2. Held-for-trading investments in equity instruments	9,383,026.93	10,891,273.49
3. Financial assets designated as at fair value through profit or loss	—	—
4. Derivative financial assets	—	—
5. Hedging instruments	—	—
6. Others	—	—
<b>Total</b>	<b>9,383,026.93</b>	<b>10,891,273.49</b>

#### 2. Explanations of held-for-trading assets

The management of the Company considers that there existed no significant restriction in the realisation of its held-for-trading financial assets.



### (III) Bills receivable:

#### 1. Categories of bills receivable

Unit: Yuan Currency: RMB

Category	Closing balance of the period	Opening balance of the period
Bank acceptances	1,064,164,828.73	1,220,159,395.98
Total	1,064,164,828.73	1,220,159,395.98

As at the end of the period, bank acceptance with a book value of RMB63,362,761.16 was pledged to issue bank acceptance.

#### 2. Particulars of top 5 bills receivable which have been pledged as security at the end of period:

Name of drawer	Date of issue	Maturity date	Amount	Remarks
Company A	15 January 2013	15 July 2013	9,000,000.00	
Company B	21 January 2013	16 July 2013	8,000,000.00	
Company A	23 January 2013	23 July 2013	6,562,761.16	
Company C	25 January 2013	25 July 2013	6,000,000.00	
Company D	7 January 2013	7 July 2013	5,600,000.00	
Total	/	/	35,162,761.16	/

#### 3. Particulars of accounts receivable due to the drawers' inability to settle the bills on maturity and bills endorsed by the Group to other parties which are not yet due at the end of the period

Unit: Yuan Currency: RMB

Name of drawer	Date of issue	Maturity date	Amount	Remarks
<b>Top 5 bills endorsed by the Group to other parties which are not yet due</b>				
Company E	5 January 2013	5 July 2013	3,000,000.00	
Company F	7 May 2013	6 November 2013	1,900,000.00	
Company G	5 February 2013	5 August 2013	1,700,000.00	
Company H	16 January 2013	16 July 2013	1,000,000.00	
Company I	9 January 2013	9 July 2013	1,000,000.00	
Total	/	/	8,600,000.00	/

## (IV) Interests receivable:

### 1. Interests receivable

Unit: Yuan Currency: RMB

Item	Opening balance of the period	Increase during the period	Decrease during the period	Closing balance of the period
Interest income on bank deposits estimated	11,504,773.64	20,070,520.42	12,659,382.81	18,915,911.25
Total	11,504,773.64	20,070,520.42	12,659,382.81	18,915,911.25

## (V) Accounts receivable:

### 1. Disclosure of accounts receivable by categories:

Unit: Yuan Currency: RMB

Category	Closing balance for the period				Opening balance for the period			
	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision is individually assessed	630,819,007.11	88.58	—	—	554,563,227.17	85.21	—	—
Accounts receivable that are not individually significant but for which bad debt provision is individually assessed	81,341,453.14	11.42	13,297,193.75	100	96,264,041.07	14.79	10,093,512.45	100.00
Total	712,160,460.25	/	13,297,193.75	/	650,827,268.24	/	10,093,512.45	/

The Group determines that accounts receivable of more than RMB5,000,000 is considered as individually significant accounts receivable.

The Group normally allows credit period of no longer than 90 days to its trade customers, but a longer credit period is allowed for major customers.

Accounts receivables for which bad debt provision is assessed with aging analysis in portfolios:

Unit: Yuan Currency: RMB

Aging	Closing balance for the period			Opening balance for the period		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	637,748,858.43	89.55	—	621,103,094.19	95.43	—
More than 1 year but not exceeding 2 years	61,114,408.07	8.58	—	19,634,127.92	3.02	3,466.32
More than 2 years but not exceeding 3 years	3,394,084.19	0.48	3,394,084.19	1,642,396.83	0.25	1,642,396.83
More than 3 years	9,903,109.56	1.39	9,903,109.56	8,447,649.30	1.30	8,447,649.30
<b>Total</b>	<b>712,160,460.25</b>	<b>100.00</b>	<b>13,297,193.75</b>	<b>650,827,268.24</b>	<b>100.00</b>	<b>10,093,512.45</b>

**2. Particulars of accounts receivable due from shareholders holding at least 5% of the Company's shares with voting during the reporting period**

There is no balance of accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period.

**3. Top five entities with the largest balances of accounts receivable**

Unit: Yuan Currency: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total account receivable (%)
Company J	Third Party	70,219,353.59	Within one year	9.86
Company K	Third Party	49,897,678.99	One to two years	7.01
Company L	Third Party	49,037,896.88	Within one year	6.89
Company M	Third Party	42,247,982.23	Within one year	5.93
Company N	Third Party	40,475,922.68	Within one year	5.68
<b>Total</b>	<b>/</b>	<b>251,878,834.37</b>	<b>/</b>	<b>35.37</b>

## (VI) Other receivables:

### 1. Disclosure of other receivables by categories:

Unit: Yuan Currency: RMB

Category	Closing balance for the period				Opening balance for the period			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivable that are individually significant for which bad debt provision is individually assessed	61,385,489.12	66.87	—	—	52,625,210.53	63.18	—	—
Other receivable that are not individually significant for which bad debt provision is individually assessed	30,414,681.54	33.13	12,958,097.53	100.00	30,668,899.59	36.82	12,958,097.53	100
<b>Total</b>	<b>91,800,170.66</b>	<b>/</b>	<b>12,958,097.53</b>	<b>/</b>	<b>83,294,110.12</b>	<b>/</b>	<b>12,958,097.53</b>	<b>/</b>

The Group determines that other receivable of more than RMB5,000,000 is considered as individually significant other receivable.

Other receivables for which bad debt provision is assigned with aging analysis in portfolios:

Unit: Yuan Currency: RMB

Aging	Closing balance for the period			Opening balance for the period		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	22,795,151.22	24.83	—	10,902,805.83	13.09	—
More than 1 year but not exceeding 2 years	4,093,286.54	4.46	3,671,575.16	5,517,499.67	6.62	2,909,503.44
More than 2 years but not exceeding 3 years	4,423,631.86	4.82	4,423,631.86	65,665,731.68	78.84	8,840,521.15
More than 3 years	60,488,101.04	65.89	4,862,890.51	1,208,072.94	1.45	1,208,072.94
<b>Total</b>	<b>91,800,170.66</b>	<b>100.00</b>	<b>12,958,097.53</b>	<b>83,294,110.12</b>	<b>100.00</b>	<b>12,958,097.53</b>

### 2 Particulars of other receivables due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period

There is no balance of other receivables due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period.

### 3 Top five entities with the largest balances of other receivables

Unit: Yuan Currency: RMB

Name of entity	Relationship with the Company	Amount	Age	Proportion of the amount to the total account receivable (%)
Company O	Third Party	21,250,000.00	More than 3 years	23.15
Company P	Related Party	21,200,000.00	More than 3 years	23.09
Individual Q	Third Party	10,175,210.53	More than 3 years	11.08
Company R	Third Party	3,000,000.00	More than 3 years	3.27
Company S	Third Party	1,896,035.03	Within 1 year	2.07
Total	/	57,521,245.56	/	62.66

## (VII) Prepayments:

### 1. Aging analysis of prepayments is as follows:

Unit: Yuan Currency: RMB

Aging	Closing balance of the period		Opening balance of the period	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	<b>222,248,049.75</b>	<b>93.86</b>	219,483,991.28	96.52
More than 1 year but not exceeding 2 years	<b>7,399,687.56</b>	<b>3.13</b>	3,674,942.56	1.62
More than 2 years but not exceeding 3 years	<b>3,050,983.03</b>	<b>1.29</b>	3,765,234.26	1.66
More than 3 years	<b>4,077,056.01</b>	<b>1.72</b>	472,244.43	0.20
Total	<b>236,775,776.35</b>	<b>100.00</b>	227,396,412.53	100.00

## 2. Top five entities with the largest balances of prepayments

Unit: Yuan Currency: RMB

Name of entity	Relationship with the Company	Amount	Timing	Reasons for unsettlement (%)
Company J	Third Parties	74,119,335.93	Within one year	Prepayment for materials, goods not yet received
Company T	Third Parties	21,730,000.00	Within one year	Prepayment for materials, goods not yet received
Company U	Third Parties	11,450,456.56	Within one year	Prepayment for materials, goods not yet received
Company V	Third Parties	10,283,442.97	Within one year	Prepayment for materials, goods not yet received
Company W	Third Parties	10,126,300.67	Within one year	Prepayment for materials, goods not yet received
Total	/	127,709,536.13	/	/

## 3. Particulars of prepayments due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period

There is no balance of prepayments due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period.

## 4. Explanations of prepayments:

Unit: Yuan Currency: RMB

Item	Closing balance of the period	Opening balance of the period
Individually significant prepayments	<b>158,331,417.60</b>	180,763,293.99
Other insignificant prepayments	<b>78,444,358.75</b>	46,633,118.54
Total	<b>236,775,776.35</b>	227,396,412.53

The Group determines that prepayment of more than RMB5,000,000 is considered as individually significant prepayment.

## (VIII) Inventories:

### 1. Categories of inventories

Unit: Yuan Currency: RMB

Item	Closing balance of the period			Opening balance of the period		
	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount	Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Raw materials	346,294,684.26	9,333,265.01	336,961,419.25	532,416,923.22	—	532,416,923.22
Work-in-progress	512,202,895.53	67,536,435.39	444,666,460.14	602,342,688.81	13,364,236.33	588,978,452.48
Finished goods	190,383,850.47	10,551,259.48	179,832,590.99	197,815,235.17	8,911,913.65	188,903,321.52
<b>Total</b>	<b>1,048,881,430.26</b>	<b>87,420,959.88</b>	<b>961,460,470.38</b>	<b>1,332,574,847.20</b>	<b>22,276,149.98</b>	<b>1,310,298,697.22</b>

### 2. Provision for decline in value of inventories

Unit: Yuan Currency: RMB

Category of inventories	Opening carrying amount	Provision in the period	Decrease in the current period		Closing carrying amount
			Reversals	Write-off	
Raw materials	—	9,333,265.01	—	—	9,333,265.01
Working in Process	13,364,236.33	54,172,199.06	—	—	67,536,435.39
Finished Goods	8,911,913.65	1,639,345.83	—	—	10,551,259.48
<b>Total</b>	<b>22,276,149.98</b>	<b>65,144,809.90</b>	<b>—</b>	<b>—</b>	<b>87,420,959.88</b>

## (IX) Non-current assets due within one year

Unit: Yuan Currency: RMB

Item	Closing balance of the period	Opening balance of the period
Investment in banks' wealth investment product	2,392,538,356.21	1,402,441,529.69
Others	15,791,322.38	9,573,374.80
<b>Total</b>	<b>2,408,329,678.59</b>	<b>1,412,014,904.49</b>

## (X) Investments in joint ventures and associates

Unit: Yuan Currency: RMB

Name of investee	Proportion of ownership interest held by the Group (%)	Proportion of voting power held by the Group (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit for the period
<b>I. Joint ventures</b>							
洛陽高科鉬鎢材料有限公司 Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("High-Tech")	50	50	456,084,578.44	3,275,144.40	452,809,434.04	43,186,154.57	-12,498,835.88
徐州環宇鋁業有限公司 Xuzhou Huanyu Molybdenum Co., Ltd. ("Huanyu")	50	50	66,766,519.36	41,698,507.83	24,068,011.53	—	-6,469.11
洛陽富川礦業有限公司 Luoyang Fuchuan Mining Co., Ltd. ("Fuchuan")	10	50	1,024,462,970.49	727,079,768.44	297,383,202.05	500,000.00	-32,302,197.73
<b>II. Associates</b>							
洛陽豫鷺礦業有限責任公司 Luoyang Yulu Mining Co., Ltd. ("Yulu Mining")	40	40	391,254,140.47	112,519,505.87	278,734,634.60	314,736,791.31	192,573,634.17
上海宇華鋁業有限公司 Shanghai Yuhua Molybdenum Co., Ltd. ("Yuhua Molybdenum")	33	33	16,275,932.73	10,577,808.13	5,698,124.60	—	-648,026.04
美國凱立納米鋁公司 Caly Nanomoly Development, Inc. ("Nanomoly Development")	40	40	640,151.50	640,151.50	—	—	—



## (XI) Long-term equity investments:

### 1. Details of long-term equity investments

Cost method:

Unit: Yuan Currency: RMB

Investee	Investment cost (%)	Opening balance (%)	Changes increase/ (decrease)	Closing balance	Provision for impairment losses	Proportion of ownership interest in the investee	Proportion of voting power in the investee	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power
河南前进爆破工程有限公司 Henan Qianjin Dynamite Project Co., Ltd.	200,000.00	200,000.00		200,000.00		10	10	
Others	4,928.00	4,928.00		4,928.00				

Equity method:

Unit: Yuan Currency: RMB

Investee	Investment cost	Opening balance	Changes increase/ (decrease)	Closing balance	Provision for impairment losses	Cash dividends for the period	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power
High-Tech	265,000,000.00	231,655,926.69	-6,249,417.95	225,406,508.74	—	—	50	50	
Huanyu	1,036,348,604.30	1,018,673,604.30	-15,182,032.93	1,003,491,571.37	—	—	50	50	
Fuchuan	250,220,000.00	250,220,000.00	—	250,220,000.00	—	—	10	50	Note 1
Yulu Mining	20,000,000.00	174,233,382.53	-44,713,182.91	129,520,199.62	—	141,000,000.00	40	40	Note 2
Yuhua Molybdenum	1,650,000.00	3,414,284.44	-213,848.59	3,200,435.85	—	—	33	33	
Nanomoly	8,201,370.00	—	—	—	—	—	40	40	

**Note 1:** The Group holds Fuchuan's 10% equity interests indirectly through its subsidiary, Shanghai Huqi, and the joint venture, Huanyu holds another Fuchuan's 90% equity interests. Since Huanyu's 50% equity interests are held by a third party, the Group treated Fuchuan as a jointly controlled entity. Subject to an agreement with the local government, the local government is entitled a dividend payment in the amount that is equal to 8% of the annual net profit of Fuchuan, the Group is effectively entitled 47% of the annual net profit (losses) of Fuchuan.

**Note 2:** According to the result of Yulu Mining's 2007 annual shareholders' meeting, both investors would share same proportion of its net profit from year 2008. Therefore, the Group holds 40% equity interest in Yulu Mining but recognises investment income of 50% out of its net profit.

There is no significant limits exist regarding cash realisation and investment income repatriation from these associates.

The entities invested by the Group are all non-listed entities.

## (XII) Fixed assets:

### 1. Details of fixed assets

Unit: Yuan Currency: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Total original carrying amount:	5,773,261,460.29	110,809,464.00	3,423,352.50	5,880,647,571.79
Including:				
Buildings and structures	3,821,637,979.07	72,014,633.61	3,148,726.45	3,890,503,886.23
Plant and machinery	1,670,773,122.34	37,446,456.41	102,100.00	1,708,117,478.75
Motor vehicles	97,089,106.66	100,000.00		97,189,106.66
Furniture, fixtures and equipment	183,761,252.22	1,248,373.98	172,526.05	184,837,100.15
		<b>Addition in this period</b>	<b>Impairment assessment of this period</b>	
II. Total accumulated depreciation:	2,149,590,986.85	193,038,292.49	188,599.73	2,342,440,679.61
Including: Buildings and structures	1,272,327,649.51	110,612,690.76	102,670.08	1,382,837,670.19
Plant and machinery	713,913,111.83	69,468,545.18	30,696.92	783,350,960.09
Motor vehicles	77,201,276.59	5,796,303.37		82,997,579.96
Furniture, fixtures and equipment	86,148,948.92	7,160,753.18	55,232.73	93,254,469.37
III. Total net book value of fixed assets	3,623,670,473.44	/	/	3,538,206,892.18
Including: Buildings and structures	2,549,310,329.56	/	/	2,507,666,216.04
Plant and machinery	956,860,010.51	/	/	924,766,518.66
Motor vehicles	19,887,830.07	/	/	14,191,526.70
Furniture, fixtures and equipment	97,612,303.30	/	/	91,582,630.78
IV. Total provision for impairment losses		/	/	
Including: Buildings and structures	—	/	/	—
Plant and machinery	—	/	/	—
Motor vehicles	—	/	/	—
Furniture, fixtures and equipment	—	/	/	—
V. Total carrying amount of fixed assets	3,623,670,473.44	/	/	3,538,206,892.18
Including: Buildings and structures	2,549,310,329.56	/	/	2,507,666,216.04
Plant and machinery	956,860,010.51	/	/	924,766,518.66
Motor vehicles	19,887,830.07	/	/	14,191,526.70
Furniture, fixtures and equipment	97,612,303.30	/	/	91,582,630.78

The depreciation for the current period: RMB193,038,292.49.

The original price of the fixed assets transferred from construction in progress in the current period is: RMB52,848,211.24.

## 2. Fixed assets of which certificates of title have not been obtained

Items	Reasons for not having obtained certificates of title	Estimated time for obtaining certificates of title
Mine branch company 1# hostel	Undergoing certain procedures and being subject to approval	31 December 2013
Mine branch company 5# hostel	Undergoing certain procedures and being subject to approval	31 December 2013
Processing branch Xiazhigou 4# staff hostel (選一夏至溝職工宿舍樓)	Undergoing certain procedures and being subject to approval	31 December 2013

As at the end of the period, the net book value of fixed assets of which certificates of title have not been obtained is RMB8,037,470.65.

## (XIII) Construction in progress:

### 1. Details of construction in progress

Unit: Yuan Currency: RMB

Item	At the end of the period			In the beginning of the period		
	Carrying amount	Provision for impairment losses	Net book value	Book balance	Provision for impairment losses	Net book value
Construction in progress	462,886,207.50	—	462,886,207.50	398,038,691.38	—	398,038,691.38

### 2. Changes in significant construction in progress:

Unit: Yuan Currency: RMB

Item name	Budget amount	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Amount injected as a proportion of budget amount (%)	Closing balance
Tailings dam project of							
No. 2 Ore Processing Plant	90,000,000.00	44,967,301.02	3,000,000.00	—	—	93	47,967,301.02
30,000 tpd surface mining project	200,000,000.00	5,796,099.21	279,643.20	—	—	91	6,075,742.41
Hard alloy project	1,877,000,000.00	27,511,749.35	17,905,003.83	—	24,520,756.28	2	20,895,996.90
Sandaozhuang mining							
exploration project	50,000,000.00	39,821,829.98	—	—	—	97	39,821,829.98
Exploration project of Kunyu	140,000,000.00	36,120,822.47	28,658,593.31	20,197,923.85	—	93	44,581,491.93
Molybdenum project in East							
Gobi,Hami, Xinjiang	2,849,000,000.00	69,308,681.30	37,263,991.24	—	—	9	106,572,672.54
Nanyuan construction							
project of International Hotel	242,000,000.00	101,107,534.14	1,078,935.76	—	—	42	102,186,469.90
Main Building refurbishment							
project of International Hotel	40,830,000.00	8,904,145.00	20,735,213.32	29,600,000.00	—	73	39,358.32
Others	48,000,000.00	64,500,528.91	33,295,102.98	3,050,287.39	—	—	94,745,344.50
Total	5,536,830,000.00	398,038,691.38	142,216,483.64	52,848,211.24	24,520,756.28	/	462,886,207.50

No impairment losses have been provided for construction in progress as at 31 December 2013 as there is no any indication that construction in progress maybe impaired.

#### (XIV) Intangible assets:

##### 1. Details of intangible assets:

Unit: Yuan Currency: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
<b>I. Total original carrying amount</b>	2,313,470,642.28	24,266,093.95	3,000,000.00	2,334,736,736.23
Land use rights	734,583,525.34	24,256,653.44	3,000,000.00	755,840,178.78
Mining rights	498,028,044.44	—	—	498,028,044.44
Exploration assets	1,069,382,843.19	—	—	1,069,382,843.19
Others	11,476,229.31	9,440.51	—	11,485,669.82
<b>II. Total accumulated amortisation</b>	255,818,939.49	28,509,262.79	—	284,328,202.28
Land use rights	60,592,336.02	7,985,383.77	—	68,577,719.79
Mining rights	193,067,895.79	20,004,243.59	—	213,072,139.38
Exploration assets	—	—	—	—
Others	2,158,707.68	519,635.43	—	2,678,343.11
<b>III. Total net book value of intangible assets</b>	2,057,651,702.79	/	/	2,050,408,533.95
Land use rights	673,991,189.32	/	/	687,262,458.99
Mining rights	304,960,148.65	/	/	284,955,905.06
Exploration assets	1,069,382,843.19	/	/	1,069,382,843.19
Others	9,317,521.63	/	/	8,807,326.71
<b>IV. Total provision for impairment</b>	—	/	/	—
Land use rights	—	/	/	—
Mining rights	—	/	/	—
Exploration assets	—	/	/	—
Others	—	/	/	—
<b>V. Total carrying amount of intangible assets</b>	2,057,651,702.79	/	/	2,050,408,533.95
Land use rights	673,991,189.32	/	/	687,262,458.99
Mining rights	304,960,148.65	/	/	284,955,905.06
Exploration assets	1,069,382,843.19	/	/	1,069,382,843.19
Others	9,317,521.63	/	/	8,807,326.71

The amortisation for the current period: RMB28,509,262.79.

#### (XV) Long-term deferred expenses:

Unit: Yuan Currency: RMB

Item	Opening amount	Increased amount in the current period	The amortisation for the current period	Other decreased amount	Closing amount
Relocation compensation fee	79,398,284.76	2,747,848.24	3,767,597.52	—	78,378,535.48
Geological Museum use right	30,000,000.00	—	300,000.00	—	29,700,000.00
Others	25,902,256.17	9,176,799.43	3,524,184.19	—	31,554,871.41
Total	135,300,540.93	11,924,647.67	7,591,781.71	—	139,633,406.89

## (XVI) Deferred tax assets/deferred tax liabilities:

### 1. Deferred tax assets and deferred tax liabilities that are not presented at the net amount after offset

#### (1) Recognised deferred tax assets and deferred tax liabilities

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deferred tax assets:		
Provision for impairment losses of assets	<b>3,235,445.49</b>	2,720,427.63
Deductible losses	<b>39,689,544.95</b>	36,598,571.86
Unrealised profit	<b>39,804,981.65</b>	35,061,065.51
Deferred income of government grant	<b>9,934,143.39</b>	7,405,707.61
Changes in fair value	<b>1,423,434.00</b>	1,199,496.00
Accrued expenses	<b>32,210,450.53</b>	35,052,152.54
Provision for special reserves	<b>6,933,623.12</b>	11,887,907.10
Losses on disposal of fixed assets without filing	<b>3,510,509.81</b>	3,510,509.81
Subtotal	<b>136,742,132.94</b>	133,435,838.06

#### (2) Details of unrecognised deferred tax assets

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	<b>118,207,951.18</b>	50,499,666.17
Deductible losses	<b>295,569,553.19</b>	226,380,232.53
Total	<b>413,777,504.37</b>	276,879,898.70

#### (3) Deductible losses, for which no deferred tax assets are recognised, will expire in the following years

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remarks
2014	<b>17,218,082.22</b>	17,218,082.22	
2015	<b>8,800,651.42</b>	8,800,651.42	
2016	<b>29,272,505.09</b>	29,272,505.09	
2017	<b>122,202,758.31</b>	106,953,626.39	
2018	<b>118,075,556.15</b>	—	
Total	<b>295,569,553.19</b>	162,244,865.12	/

(4) Details of items of taxable differences and deductible differences

Unit: Yuan Currency: RMB

Item	Amount
Items of deductible differences:	
Provision for impairment losses of assets	18,898,269.07
Deductible losses	158,758,179.79
Unrealised profit	159,219,926.55
Deferred income of government grant	66,227,622.60
Changes in fair value	9,489,560.00
Accrued expenses	220,212,687.89
Provision for special reserves	46,093,460.01
Losses on disposal of fixed assets without filing	23,403,398.76
Subtotal	702,303,104.67

(XVII) Details of provision for impairment losses of assets:

Unit: Yuan Currency: RMB

Item	Opening book carrying amount	Increase in the current period	Decrease in the current period		Closing book carrying amount
			Reversals	Write-off	
I. Bad debts provision	23,051,609.98	3,203,681.30	—	—	26,255,291.28
II. Provision for decline in value of inventories	22,276,149.98	65,144,809.90	—	—	87,420,959.88
III. Provision for impairment losses of goodwill	3,933,952.68	—	—	—	3,933,952.68
Total	49,261,712.64	68,348,491.20	—	—	117,610,203.84

(XVIII) Other non-current assets:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Prepayments for acquisition of land use rights	8,659,900.00	8,659,900.00
Prepayments for acquisition of buildings	35,611,455.00	35,611,455.00
Prepayment for exploration assets	—	50,000,000.00
Others	15,745,580.30	15,138,860.00
Total	60,016,935.30	109,410,215.00

## (XIX) Short-term borrowings:

### 1. Short-term borrowings categorisation:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Unsecured and non-guaranteed loans	411,200,000.00	10,000,000.00
Total	411,200,000.00	10,000,000.00

## (XX) Held-for-trading financial liabilities:

Unit: Yuan Currency: RMB

Item	Closing fair value	Opening fair value
Held-for-trading bonds issued		
Financial liabilities designated fair value through profit and loss of the current period		
Derivative financial liabilities	52,983,720.00	—
Other financial liabilities	299,744,280.00	—
Total	352,728,000.00	—

The Group conducted financing activities by entering into gold lease contracts with banks. The Group and the banks had agreed upon the lease of gold. When the lease period expires, the Group shall return the gold with the same quantity and quality to the banks. The obligation to return the gold is recognised as held-for-trading financial liabilities. In the meantime, the Group utilises forward gold commodity derivative contracts to manage the risk of the obligation to return gold with same quantity and quality to banks under gold lease contracts. These arrangements are designed to address significant fluctuations in the fair value of the held-for-trading financial liabilities undertaken by the Group which moves in line with the market price of gold.

## (XXI) Bills payable:

Unit: Yuan Currency: RMB

Category	Closing balance for the period	Opening balance for the period
Bank acceptances	14,327,761.16	75,891,401.38
Total	14,327,761.16	75,891,401.38

Amount to be paid by the next audited period, the second half of the year, is RMB14,327,761.16.

## (XXII) Accounts payable:

### 1. Details of accounts payable

Unit: Yuan Currency: RMB

Item	Closing balance for the period	Opening balance for the period
Payables for purchase of goods	<b>187,762,618.57</b>	267,690,496.16
Total	<b>187,762,618.57</b>	267,690,496.16

### 2. Details concerning the balance of other payables due from shareholders or related parties holding at least 5% of the Company's shares with voting power during the reporting period

There is no balance of other payables due from shareholders or related parties holding at least 5% of the Company's shares with voting power during the reporting period.

### 3. Aging analysis of accounts payable is as follows:

Item	Closing balance for the period	Opening balance for the period
Within 1 year	<b>176,709,539.75</b>	254,880,117.28
More than 1 year but not exceeding 2 years	<b>3,485,309.44</b>	3,117,260.11
More than 2 years	<b>7,567,769.38</b>	9,693,118.77
Total	<b>187,762,618.57</b>	267,690,496.16

## (XXIII) Receipts in advance:

### 1. Details of receipts in advance

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Advance to goods purchased	<b>83,526,095.08</b>	49,024,118.34
Total	<b>83,526,095.08</b>	49,024,118.34



2. **Details concerning the balance of other payables due from shareholders or related parties holding at least 5% of the Company's shares with voting power during the reporting period:**

There is no balance of other payables due from shareholders or related parties holding at least 5% of the Company's shares with voting power during the reporting period.

**(XXIV) Employee benefits payable**

Unit: Yuan Currency: RMB

Item	Opening carrying amount	Increase in the current period	Decrease in the current period	Closing carrying amount
I. Wages or salaries, bonuses, allowances and subsidies	105,248,451.03	202,110,410.98	226,857,013.31	80,501,848.70
II. Staff welfare	2,207.00	15,513,809.63	15,508,109.63	7,907.00
III. Social security contributions	2,606,338.97	58,569,344.26	57,753,125.69	3,422,557.54
Medical insurance	574,462.44	11,437,185.01	11,191,254.76	820,392.69
Basis pension insurance	1,582,684.50	37,974,811.41	37,620,359.67	1,937,136.24
Unemployment insurance	141,045.80	3,164,036.42	3,284,155.96	20,926.26
Maternity insurance	68,342.96	1,235,554.77	1,159,889.51	144,008.22
Work injury insurance	239,803.27	4,194,485.15	3,940,505.79	493,782.63
Large medical insurance	—	563,271.50	556,960.00	6,311.50
IV. Housing funds	551,410.79	27,033,315.11	27,075,183.50	509,542.40
V. Termination benefits	—	—	—	—
VI. Others	11,712,980.78	4,658,771.06	3,865,590.17	12,506,161.67
<b>Total</b>	<b>120,121,388.57</b>	<b>307,885,651.04</b>	<b>331,059,022.30</b>	<b>96,948,017.31</b>

**(XXV) Taxes payable:**

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value added tax	<b>-41,200,004.32</b>	-101,136,467.16
Operation tax		
Enterprise income tax	<b>-93,913,809.06</b>	-121,986,313.41
City construction and maintenance tax	<b>1,688,627.30</b>	1,659,773.94
Resource tax	<b>11,753,884.93</b>	10,517,164.19
Mineral resources compensation fee	<b>17,656,841.34</b>	25,360,440.33
Price adjustment fund	<b>674,181.66</b>	645,924.77
Education surtax	<b>1,046,527.26</b>	2,154,238.45
Others	<b>7,906,380.90</b>	13,992,755.83
<b>Total</b>	<b>-94,387,369.99</b>	-168,792,483.06

## (XXVI) Interests Payable:

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividend from corporate bonds	<b>90,566,666.64</b>	41,166,666.66
Total	<b>90,566,666.64</b>	41,166,666.66

On 2 August 2012, the Company issued a tranche of medium-term notes with a principal of RMB2 billion ("12 CMOE MTN1") and registered in the National Association of Financial Market Institutional Investors. The proceeds from the medium-term note are used for supplement of the Company and its subsidiaries' working capital and repayment of bank borrowings. The medium-term note issued on nominal interest rate of 4.94% per annum and the term of the note was 5 years. Interest shall be paid annually.

## (XXVII) Dividends payable:

Unit: Yuan Currency: RMB

Name of entity	Closing balance	Opening balance	Reasons for payables aged more than one year
Shareholders of H shares	<b>157,338,720.00</b>	118,004,040.00	
Public shareholders of A shares	—	1,697,636.04	
樂川縣泰峰工貿有限公司 Luanchuan Taifeng Industry and Trading Co., Ltd.	<b>7,603,109.24</b>	7,603,109.24	
樂川縣宏基礦業有限公司 Luanchuan Hongji Mining Co., Ltd.	<b>16,923,017.89</b>	16,923,017.89	
樂川縣誠志礦業有限公司 Luanchuan Chengzhi Mining Co., Ltd.	<b>6,319,669.54</b>	6,319,669.54	
洛寧縣伏牛礦業開發中心 Luoning County Funiu Mining Development Center	<b>21,866,598.66</b>	—	
China Gold Henan Company	<b>4,373,319.73</b>	—	
Total	<b>214,424,435.06</b>	150,547,472.71	/

## (XXVIII) Other payables:

### 1. Details of other payables

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Project payment	175,217,267.35	285,051,422.53
Others	145,204,086.01	196,179,136.76
Total	320,421,353.36	481,230,559.29

### 2. Details concerning the balance of other payables due from shareholders or related parties holding at least 5% of the Company's shares with voting power during the reporting period

There is no balance of other payables due from shareholders or related parties holding at least 5% of the Company's shares with voting power during the reporting period.

### 3. Explanation of significant other payables aged more than one year

There is no significant other payables aged more than one year in the end of the period.

## (XXIX) Provision:

Unit: Yuan Currency: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Others	46,983,083.13	587,288.54	—	47,570,371.67
Total	46,983,083.13	587,288.54	—	47,570,371.67

Pursuant to the "Notice of Matters related to Revision on Fee Standards for Restoration, Rehabilitation and Environmental Costs" (Yufagai shoufei [2006] No. 1263), jointly issued by Henan Development and Reform Commission and the Finance Department of Henan Province, the Company is obliged to accrue the cost for land reclamation and mine closures for the Company's existing mines. The provision for relevant costs has been determined by the Company based on its best estimates.

### (XXX) Other current liabilities

Unit: Yuan Currency: RMB

Item	Closing book balance	Opening book balance
Accrued expenses	21,392,882.74	16,433,778.49
Total	21,392,882.74	16,433,778.49

### (XXXI) Bonds payable:

Unit: Yuan Currency: RMB

Bond item	Par value	Issue date	Maturity	Issue amount	Opening interest payable	Accrued interest for the period	Interests paid during the period	Closing interest payable	Closing balance
12 CMOE MTN1	2,000,000,000.00	2 August 2012	5 years	2,000,000,000.00	41,166,666.66	49,399,999.98	0.00	90,566,666.64	2,000,000,000.00

On 2 August 2012, the Company issued a medium-term notes with a principal of RMB2 billion ("12 CMOE MTN1") and registered in the National Association of Financial Market Institutional Investors. The proceeds from the medium-term note are used for supplement of the Company and its subsidiaries' working capital and repayment of bank borrowings. The medium-term note issued on nominal interest rate of 4.94% per annum and the term of the note was 5 years. Interest shall be paid annually.

### (XXXII) Other non-current liabilities:

Unit: Yuan Currency: RMB

Item	Closing book balance	Opening book balance
Deferred income of land use right subsidy	22,303,634.90	22,303,634.90
Deferred income of research project subsidy	3,000,000.00	3,000,000.00
Total	25,303,634.90	25,303,634.90

### (XXXIII) Share capital:

Unit: Yuan Currency: RMB

	Opening balance	New issue of shares	Changes for the period			Subtotal	Closing balance
			Bonus issue	Capitalisation of surplus reserve	Others		
Total shares	1,015,234,105.00	—	—	—	—	1,015,234,105.00	

**(XXXIV) Special reserve:**

<b>Item</b>	<b>Opening balance for the period</b>	<b>Increase in the period</b>	<b>Decrease in the period</b>	<b>Closing balance for the period</b>
Production safety fee	78,812,553.10	59,873,242.43	24,870,447.92	113,815,347.61
Provision for production maintenance fee	125,710.22	145,500,618.96	135,018,910.37	10,607,418.81
<b>Total</b>	<b>78,938,263.32</b>	<b>205,373,861.39</b>	<b>159,889,358.29</b>	<b>124,422,766.42</b>

**(XXXV) Capital reserve:**

Unit: Yuan Currency: RMB

<b>Item</b>	<b>Opening balance</b>	<b>Increase in the period</b>	<b>Decrease in the period</b>	<b>Closing balance</b>
Capital premium (share premium)	8,102,977,121.92	—	—	8,102,977,121.92
<b>Total</b>	<b>8,102,977,121.92</b>	<b>—</b>	<b>—</b>	<b>8,102,977,121.92</b>

**(XXXVI) Surplus reserves:**

Unit: Yuan Currency: RMB

<b>Item</b>	<b>Opening balance</b>	<b>Increase in the period</b>	<b>Decrease in the period</b>	<b>Closing balance</b>
Statutory surplus reserve	704,898,171.11	—	—	704,898,171.11
<b>Total</b>	<b>704,898,171.11</b>	<b>—</b>	<b>—</b>	<b>704,898,171.11</b>

In accordance with The Company Law of the PRC and the Articles of Association of the Company, the appropriation ceased to apply in the current year since the balance of the statutory surplus reserve has reached 50% of the Company's share capital.

### (XXXVII) Undistributed profits:

Unit: Yuan Currency: RMB

Item	Amount	Proportion of appropriation (%)
before adjustment Undistributed profits at the end of prior year	1,641,545,905.43	/
after adjustment Undistributed profits in the beginning of prior year	1,641,545,905.43	/
Add: Net profit attributable to owners of the Company for the period	604,890,267.10	/
Declaration of dividends on ordinary shares	609,140,463.00	/
Undistributed profits at the end of the period	1,637,295,709.53	/

Cash dividends for 2012, i.e. RMB0.12 per share, had been distributed to all the shareholders on the basis of 5,076,170,525 issued shares (with the par value of RMB0.2 per share) during the period.

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

### (XXXVIII) Operating revenue and operating costs:

#### 1. Operating revenue and operating costs

Unit: Yuan Currency: RMB

Item	Amount recognised in the current period	Amount recognised in the prior period
Principal operating revenue	2,638,236,744.08	2,954,319,189.00
Other operating revenue	51,496,007.18	78,794,922.64
Operating revenue	1,813,823,569.12	1,987,118,624.64

#### 2. Principal operating activities (classified by products)

Unit: Yuan Currency: RMB

Name of product	Amount recognised in the current period		Amount recognised in the prior period	
	Operating revenue	Operating capital	Operating revenue	Operating capital
Molybdenum and related products	1,258,377,294.79	814,804,770.45	1,551,720,558.34	1,058,097,086.92
Tungsten and related products	562,775,735.29	119,351,331.12	515,754,510.36	114,525,301.01
Gold, silver and related products	353,959,615.47	323,723,906.45	404,501,256.73	314,885,643.55
Electrolytic lead	299,949,073.81	358,551,589.67	299,258,784.55	302,700,395.56
Others	163,175,024.72	142,794,041.48	183,084,079.02	131,645,943.96
Total	2,638,236,744.08	1,759,225,639.17	2,954,319,189.00	1,921,854,371.00

### 3. Principal operating activities (classified by regions)

Unit: Yuan Currency: RMB

Regions	Amount recognised in the current period		Amount recognised in the prior period	
	Operating revenue	Operating capital	Operating revenue	Operating capital
Mainland China	2,624,986,739.85	1,746,917,548.22	2,932,591,274.11	1,897,251,556.19
The U.S.	5,774,790.20	5,364,273.23	16,923,487.09	19,162,695.59
Germany	5,640,368.25	5,239,407.03	—	—
The U.K.	1,834,845.78	1,704,410.69	4,804,427.80	5,440,119.22
Total	2,638,236,744.08	1,759,225,639.17	2,954,319,189.00	1,921,854,371.00

### 4. Operating revenue from the Group's top five customers

Unit: Yuan Currency: RMB

Name of customer	Operating revenue	Proportion to total operating revenue of the Group (%)
Company L	182,482,001.52	6.78
Company X	105,575,551.19	3.93
Company Y	90,618,091.39	3.37
Company Z	84,485,047.48	3.14
Company AA	79,799,018.67	2.97
Total	542,959,710.25	20.19

### (XXXIX) Business taxes and levies:

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Basis of calculation
Business tax	1,450,691.67	2,108,015.50	Taxable revenue
City construction and maintenance tax	11,136,828.55	11,496,044.70	Actual turnover tax
Education surtax	6,882,946.37	11,457,167.24	
Resource tax	98,672,242.56	110,187,619.23	
Tariff	76,298.80	3,384,058.30	
Others	6,775,195.86	2,238,329.72	
Total	124,994,203.81	140,871,234.69	/

## (XL) Sales expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Hotel expenditures	466,082.85	478,482.44
Entertainment expenditures	672,393.20	1,346,383.70
Traffic expenditures	4,038,766.08	5,614,103.98
Salary	1,516,197.13	2,233,865.79
Handling/shipment expenditures	474,070.99	250,798.10
Waste treatment expenditures	726,848.38	10,000.00
Others	1,348,823.35	2,477,725.78
Total	9,243,181.98	12,411,359.79

## (XLI) General administrative expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Salary, bonus and allowances	37,507,675.19	42,015,531.98
Depreciation and amortisation	36,019,685.79	29,986,140.48
Auditor's remuneration	240,332.04	3,013,036.79
Consulting and agency fees	5,079,822.53	9,013,818.75
Entertainment expenditures	2,438,394.92	10,811,119.09
Technology development fee	10,111,110.19	55,408,855.06
Others	47,836,832.39	60,315,105.12
Total	139,233,853.05	210,563,607.27

## (XLII) Financial expenses

Unit: Yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	54,503,266.71	48,448,044.36
Interest income	-49,571,938.61	-20,096,961.11
Exchange differences	-1,177,576.58	-48,526.87
Others	5,829,281.99	1,973,660.24
Total	9,583,033.51	30,276,216.62



(XLIII) **Gains from changes in fair values:**

Unit: Yuan Currency: RMB

Source resulting in gains from changes in fair values	Amount incurred in the current period	Amount incurred in the prior period
Held-for-trading financial assets	-1,508,246.56	-774,399.42
Derivatives instruments not designated as hedges		
— fair value gain (loss) arising from gold future contracts	-52,983,720.00	—
Fair value gain (loss) arising from gold lease	52,983,720.00	—
Total	-1,508,246.56	-774,399.42

(XLIV) **Investment income:**

1. *Details of investment income:*

Unit: Yuan Currency: RMB

	Amount incurred in the current period	Amount recognised in the prior period
Income from long-term equity investments under equity method	74,641,519.62	66,772,627.31
Income from disposal of long-term equity investment	—	8,269.74
Investment income on disposal of held-for-trading financial assets	—	8,013,725.89
Investment income from holding held-to-maturity investments	—	1,375,291.52
Investment income from banks' products	63,045,608.78	—
Total	137,687,128.40	76,169,914.46

## 2. *Income from long-term equity investments under equity method:*

Unit: Yuan Currency: RMB

Investee	Amount incurred in the current period	Amount incurred in the prior period	Reasons for increase or decrease in the current compared to the prior period
Yulu Mining	96,286,817.09	74,629,218.31	The increase/decrease profits of the invested company
Yuhua Molybdenum	-213,848.60	61,670.47	The increase/decrease profits of the invested company
High-Tech	-6,249,417.94	-5,123,261.47	The increase/decrease profits of the invested company
Fuchuan	-15,182,030.93	-2,795,000.00	The increase/decrease profits of the invested company
Total	74,641,519.62	66,772,627.31	/

## (XLV) Impairment loss of assets:

Currency: Yuan Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the previous period
1. Bad debt provision	3,203,681.30	-357,594.91
2. Written-down of inventories	65,144,809.90	11,653,628.52
Total	68,348,491.20	11,296,033.61

## (XLVI) Non-operating income:

### 1. *Non-operating income*

Currency: Yuan Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the previous period	Amount included in non-recurring profit or loss of the period
Total gains on disposal of non-current assets	—	105,076.09	
Including: gains on disposal of fixed assets	—	105,076.09	
Government grant	6,395,268.10	23,260,251.46	
Others	623,573.33	927,274.14	
Total	7,018,841.43	24,292,601.69	

## 2. Details of government grants

Currency: Yuan Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the previous period	Explanations
Subsidy for national mineral resources comprehensive utilisation model base	200,000.00	15,200,000.00	
Special funds for the conservation and comprehensive utilization of mineral resources	4,676,087.56	1,786,777.80	
Others	1,519,180.54	6,273,473.66	
<b>Total</b>	<b>6,395,268.10</b>	23,260,251.46	/

## (XLVII) Non-operating expenses

Item	Amount recognised in the current period	Amount recognised in the previous period	Amount included in non-recurring profit or loss of the period
Total losses on disposal of non-current assets	40,132.90	137,968.66	
Including: losses on disposal of fixed assets	40,132.90	137,968.66	
Donations to the third parties	580,000.00	1,534,170.00	
Others	1,196,561.01	162,307.36	
<b>Total</b>	<b>1,816,693.91</b>	1,834,446.02	

## (XLVIII) Income tax expense

Currency: Yuan Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the previous period
Current tax expense calculated according to tax laws and relevant requirements	118,077,476.91	100,087,665.90
Adjustments to deferred tax	-8,599,794.88	41,521,515.42
Effect of tax rate adjustment for 2011	—	-126,955,295.28
Settlement difference in income tax for the previous years	1,835,675.55	7,933,508.42
<b>Total</b>	<b>111,313,357.58</b>	22,587,394.46

## (XLIX) Calculation process of basic earnings per share and diluted earnings per share

When calculating basic earnings per share, net profit for the current year attributable to ordinary shareholders is as follows:

Unit: RMB

Item	Amount recognised in the current period	Amount recognised in the previous period
Net profit for the current year attributable to ordinary shareholders	604,890,267.10	720,672,367.58
Including: Net profit from continuing operations	604,890,267.10	720,672,367.58
Net profit from discontinued operations	—	—

For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Item	Amount recognised in this year	Amount recognised in the previous year
Number of ordinary shares outstanding at the beginning of year	5,076,170,525.00	4,876,170,525.00
Add: Weighted average number of ordinary shares issued during the year	—	—
Less: Weighted average number of ordinary shares repurchased during the year	—	—
Number of ordinary shares outstanding at the end of year	5,076,170,525.00	4,876,170,525.00

### Earnings per share

Unit: RMB

Item	Amount recognised in this year	Amount recognised in the previous year
Calculated based on net profit attributable to shareholders of the Company:	604,890,267.10	720,672,367.58
Basic earnings per share	0.12	0.15
Calculated based on net profit from continuing operations attributable to shareholders of the Company:	604,890,267.10	720,672,367.58
Basic earnings per share	0.12	0.15
Calculated based on net profit from discontinued operations attributable to shareholders of the Company:	—	—
Basic earnings per share	—	—

## (L) Other comprehensive income

Currency: Yuan Unit: RMB

Item	Amount of this period	Amount of the previous period
1. Exchange differences arising from translation of financial statements denominated in foreign currencies Less: net amount converted into profit or loss in the current period through disposal of overseas operations	-540,615.52	-280,986.66
Total	-540,615.52	-280,986.66

## (LI) Notes to items in the cash flow statement

### 1. Other cash receipts relating to operating activities:

Currency: Yuan Unit: RMB

Item	Amount
Receipts of government grants and penalty, etc.	5,829,291.88
Receipts of interest income	32,146,394.99
Receipts of allowances	673,949.28
Fiscal appropriation for model base	35,000,000.00
Others	2,654,663.52
Total	76,304,299.67

2. ***Other cash payments relating to operating activities***

Currency: Yuan Unit: RMB

<b>Item</b>	<b>Amount</b>
Payments for consulting fee, technology development fee and transportation fee, etc.	13,853,212.21
Payments of donations and penalty, etc.	850,000.00
Payments of bank charges and consulting fees	2,681,346.95
Others	27,354,692.59
<b>Total</b>	<b>44,739,251.75</b>

3. ***Other cash from financing activities***

Currency: Yuan Unit: RMB

<b>Item</b>	<b>Amount</b>
Cash received from sale of leased gold	352,728,000.00
<b>Total</b>	<b>352,728,000.00</b>

4. ***Other cash payment in relation to financing activities***

Currency: Yuan Unit: RMB

<b>Item</b>	<b>Amount</b>
Handling fee for financing	350,692.94
Fees incurred due to payment for leased gold	10,163,352.24
<b>Total</b>	<b>10,514,045.18</b>

## (LII) Supplementary information to cash flow statement

### 1. Supplementary information to cash flow statement

Currency: Yuan Unit: RMB

Supplemental information	Amount of this period	Amount of the previous period
<b>1. Reconciliation of net profit to cash flow from operating activities</b>		
Net profit	554,574,090.37	715,843,311.27
Add: Provision for impairment losses of assets	68,348,491.20	11,296,033.61
Depreciation of fixed assets, oil and gas assets and productive biological assets	193,038,292.49	183,513,115.25
Amortisation of intangible assets	28,509,262.79	25,374,331.92
Amortisation of long-term deferred expenses	7,591,781.71	5,332,180.98
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated with “-”)	40,132.90	32,892.57
Losses on changes in fair values (gains are indicated with “-”)	1,508,246.56	774,399.42
Financial expenses (gains are indicated with “-”)	55,090,555.25	49,566,689.20
Losses arising from investments (gains are indicated with “-”)	-137,687,128.40	-76,169,914.46
Decrease in deferred tax assets (increase is indicated with “-”)	-8,599,794.88	41,521,515.42
Decrease in inventories (increase is indicated with “-”)	283,693,416.94	52,791,226.58
Decrease in receivables from operating activities (increase is indicated with “-”)	79,218,616.40	14,833,473.56
Increase in payables from operating activities (decrease is indicated with “-”)	-169,150,432.41	-294,851,941.85
Others	107,645,926.36	73,473,345.87
Net cash flow from operating activities	1,063,821,457.28	803,330,659.34
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
<b>3. Net changes in cash and cash equivalents</b>		
Closing balance of cash in the period	1,093,463,288.00	1,462,863,163.54
Less: opening balance of cash in the period	1,013,636,840.70	2,779,197,065.90
Add: Net increase in cash and cash equivalents	160,000,000.00	—
Less: opening balance of cash equivalents in the period	450,000,000.00	—
Net increase in cash and cash equivalents	-210,173,552.70	-1,316,333,902.36

### 2. Composition of cash and cash equivalents

Currency: Yuan Unit: RMB

Item	Closing balance	Opening balance
Cash	1,093,463,288.00	1,013,636,840.70
Included in:		
Cash on hand	664,581.22	823,393.53
Bank deposits	1,092,798,706.78	999,503,413.80
Other monetary funds	—	13,310,033.37
2. Cash equivalent	160,000,000.00	450,000,000.00
3. Closing balance of cash and cash equivalents	1,253,463,288.00	1,463,636,840.70

### 3. Notes to supplementary information to the cash flow statement

Cash equivalents represent structural bank deposits with a maturity of not more than 3 months.

## VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (I) Subsidiaries of the Company

Full name of the subsidiary	Type	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of ownership interest (%)	Proportion of voting power (\$)	Organisation code
洛陽樂川鋁業集團冶煉 有限責任公司 Luomu Group Refining Co., Ltd.	Limited liability company	Luanchuan, Henan	Yi Lin	Refining and sales of mineral products	5,660,000.00	100	100	73906919-6
洛陽樂川鋁業集團鎢鋁 銷售貿易有限公司 Luomu Group Sales and Trading Co., Ltd.	Limited liability company	Luanchuan, Henan	Jia Liusheng	Trading of mineral products	2,000,000.00	100	100	72701763-9
洛陽大川鎢鎢科技 有限責任公司 Luoyang Dachuan Molybdenum & Tungsten Technology Co., Ltd.	Limited liability company	Luanchuan, Henan	Wang Bin	Processing and sales of mineral products	157,500,000.00	100	100	74921649-5
洛陽坤宇礦業有限公司 Luoyang Kunyu Mining Co., Ltd.	Limited liability company	Luoning, Henan	Xie Fengxiang	Production and sales of mineral products	531,230,000.00	70	70	79425632-2
洛陽鉬都國際飯店有限公司 Luoyang Mudu International Hotel Co., Ltd.	Limited liability company	Luoyang, Henan	Jia Hongwei	Hotel	210,000,000.00	100	100	66093471-4
洛陽樂川鋁業集團鎢業 有限公司 Luomu Group Tungsten Co., Ltd.	Limited liability company	Luanchuan, Henan	Yang Jianbo	Refining and sales of mineral products	100,000,000.00	100	100	66468709-5
洛陽鎢業集團貴金屬 投資有限公司 Luomu Group Precious Metals Investment Co. Ltd.	Limited liability company	Luoyang, Henan	Zhang Jianmin	Refining and sales of mineral products	500,000,000.00	100	100	66469021-9
洛陽鎢業(香港)有限公司 China Molybdenum (Hong Kong) Company Limited	Limited company	Hong Kong	—	Trading of mineral products	0.96	100	100	
洛陽鎢業集團金屬材料 有限公司 Luomu Group Metal Material Company Limited	Limited liability company	Luoyang, Henan	Wang Qinxi	Processing and sales of mineral products	650,000,000.00	100	100	67007693-6



Full name of the subsidiary	Type	Place of incorporation	Legal representative	Nature of business	Registered capital	Proportion of ownership interest (%)	Proportion of voting power (%)	Organisation code
洛陽永寧金鉛冶煉有限公司 Luoyang Yongning Gold & Lead Refining Co., Ltd.	Limited liability company	Luoning, Henan	Zhang Jianmin	Lead smelting, processing and sales of mineral products	400,000,000.00	75	75	66720543-4
新疆洛鋁礦業有限公司 Xinjiang Luomu Mining Co., Ltd.	Limited liability company	Xinjiang	Li Faben	Production and sales of mineral products	1,505,380,000.00	70	70	56050369-3
洛陽樂川鋁業集團銷售有限公司 Luomu Group Sales Co., Ltd.	Limited liability company	Luanchuan, Henan	Jia Liusheng	Trading of mineral products	50,000,000.00	100	100	57762722-x
洛陽鋁業集團硬質合金有限公司 Luomu Group Carbide Co., Ltd.	Limited liability company	Luoyang, Henan	Wang Qixi	Trading of carbide materials	200,000,000.00	100	100	05336485-2
樂川縣滙七礦業有限公司 Luanchuan Huqi Mining Company Limited	Limited liability company	Luanchuan, Henan	Zhou Tianping	Refining and sales of mineral products	10,000,000.00	100	100	
樂川縣啟興礦業有限公司 Luanchuan Qixing Mining Company Limited	Limited liability company	Luanchuan, Henan	Zhou Tianping	Refining and sales of mineral products	6,000,000.00	90	90	67289972-5
洛陽建設礦業有限公司 Luoyang Construction Investment and Mining Co., Ltd.	Limited liability company	Luoyang, Henan	Zhang Xinhui	Investment	5,000,000.00	100	100	67807642-0
樂川縣富源礦業有限公司 Luanchuan Furun Minging Co., Ltd.	Limited liability company	Luanchuan, Henan	Zhou Tianping	Sales and processing molybdenum products	1,000,000.00	100	100	79064782-8
樂川縣大東坡鎢鋁礦業有限公司 Luanchuan County Dadongpo Tungsten & Molybdenum Co., Ltd.	Limited liability company	Luanchuan, Henan	Wang Yonghong	Ore processing	65,650,000.00	51	51	61483705-9
樂川縣九揚礦業有限公司 Luanchuan County Jiuyang Mining Co., Ltd.	Limited liability company	Luanchuan, Henan	Zhu Haisong	Ore processing	33,390,000.00	51	51	17151578-9
樂川縣三強鎢鋁有限公司 Luanchuan County Sanqiang Molybdenum & Tungsten Co., Ltd.	Limited liability company	Luanchuan, Henan	Zhu Hongqi	Ore processing	55,480,000.00	51	51	

## (II) Associates and joint ventures of the Company

Currency: Yuan Unit: RMB

Name of investee	Type	Registered place	Legal representative	Nature of business	Registered capital	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Organisation code
<b>I. Joint ventures</b>								
洛陽高科技鎢材料有限公司 Luoyang High Tech Molybdenum & Tungsten Materials Co., Ltd. ("High-Tech")	Limited liability company	Luoyang	Wu Wenjun	Processing and sales of minerals products	530,000,000.00	50	50	77086657-2
徐州環宇鎢業有限公司 Xuzhou Huanyu Molybdenum Co., Ltd. ("Huanyu")	Limited liability company	Xuzhou	Li Lingmin	Investment	504,466,200.00	50	50	60800332-2
洛陽富川礦業有限公司 Luoyang Fuchuan Mining Co., Ltd. ("Fuchuan")	Limited liability company	Luanchuan	Li Lingmin	Processing, refining and sales of minerals products	50,000,000.00	10	50	75389549-4
<b>II. Associates</b>								
洛陽豫鷺礦業有限責任公司 Luoyang Yulu Mining Co., Ltd. ("Yulu Mining")	Limited liability company	Luanchuan	Guo Tianhuang	Refining and sales of minerals products	50,000,000.00	40	40	73743497-0
上海宇華鎢業有限公司 Shanghai Yuhua Molybdenum Co., Ltd. ("Yuhua Molybdenum")	Limited liability company	Shanghai	Wang Lei	Processing and sales of mineral products	5,000,000.00	33	33	78187278-3
美國凱立納米鎢公司 Caly Nanomoly Development, Inc. ("Nanomoly Development")	Limited liability company	U.S.		Research and development of molybdenum processing techniques	US\$3,000,000.00	40	40	/

## (III) Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company	Organisation code
LMG	Shareholder of the Company	790627544
CFC	Shareholder of the Company	75245849-5

## (IV) Related party transactions

### 1. Purchase of goods and receipt of services

Currency: Yuan Unit: RMB

Related party	Details of related party transaction	Pricing principle of related party transactions	Amount incurred in the current period		Amount incurred in the previous period	
			Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Fuchuan	Goods	Contract price	—	—	109,450,129.45	100

### Sale of goods and provision of services

Currency: Yuan Unit: RMB

Related party	Details of related party transaction	Pricing principle of related party transactions	Amount incurred in the current period		Amount incurred in the previous period	
			Amount	Proportion of the amount of related party transactions to that of similar transactions (%)	Amount	Proportion of the amount of related party transactions to that of similar transactions (%)
Yuhua Molybdenum	Goods	Contract price	—	—	121,454,495.57	100

## (V) Amounts due from/to related parties

Amount due from related parties of the listed company:

Currency: Yuan Unit: RMB

Item	Name of related party	Closing balance		Opening balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Prepayments	Fuchuan	1,000,000.00	—	82,690,379.25	—
Accounts receivable	High-Tech	—	—	407,070.00	—
Other receivables	Huanyu	21,200,000.00	—	21,200,000.00	—

Amount due to related parties of the listed company:

Currency: Yuan Unit: RMB

Item	Name of related party	Closing carrying amount	Opening carrying amount
Other payables	Huanyu	—	4,000,000.00
Other payables	Fuchuan	—	510,776.21

## VII. SHARE-BASED PAYMENTS:

Nil

## VIII. CONTINGENCY:

### (I) Contingent liabilities arising from pending litigations and its financial impact:

On 17 December 2012, the Intermediate People's Court of Luoyang accepted Luoyang City Feihongxiang Mining Co., Ltd.'s claim, as plaintiff, against the Company for infringement. During the process of adjudication by the Intermediate People's Court of Luoyang, Feihongxiang Mining Co., Ltd. had applied to revoke the petition against the Company for infringement on 14 May 2013. Upon review and examination, the Intermediate People's Court of Luoyang approved the application of revoking the petition by Feihongxiang Mining Co., Ltd.. As this case had been revoked by Feihongxiang Mining Co., Ltd., the plaintiff who filed such application and the application had been approved, while the costs in Court of First Instance was undertaken by Feihongxiang Mining Co., Ltd., the plaintiff, the profit for the period or subsequent period of the Company were not affected.

On 30 January 2013, the Company received relevant documents from the Intermediate People's Court of Luoyang City, Henan Province, stating that West Lead Mine, Yangshuao, Luanchuan County (樂川縣楊樹凹西鉛礦) ("Yangshuao") filed a lawsuit accusing that the tailing storage built by the No. 3 Ore Processing Branch, a subsidiary of the Company, was in its mining area. As the height of the dam of the tailing storage increased to occupy upwards and the level of the groundwater rose, the mining facilities and equipment of Yangshuao were damaged and its mining needed to be written off. The plaintiff was unable to exploit the defined lead-zinc ore and an economic loss was thus incurred. Therefore, the plaintiff made claims that No. 3 Ore Processing Branch shall cease the infringement and compensate the plaintiff for a direct economic loss of approximately RMB18 million. The Company and its attorneys reviewed all the evidence submitted by Yangshuao and believe that the existence of the infringement claimed by the plaintiff could not be confirmed. If Yangshuao is unable to submit new evidence to the court, its claim of infringement is unlikely to be supported by the court only based on the existing evidence. Therefore, the Company believes that the litigation currently would not have any significant impact on the financial position of the Company and has not made any provision for an amount claimed in the aforesaid issue in its financial statements for the end of the period.

## IX. COMMITMENTS:

### (I) Significant commitments

Unit: RMB'000

	Closing balance for the period	Opening balance for the period
Capital commitments that have been entered into but have not been recognised in the financial statements:		
— Commitment for acquisition and construction of long-term assets	620,685	636,069
Capital commitments approved by the management but not contracted:	—	—
Total	620,685	636,069

## X. EVENTS AFTER THE BALANCE SHEET DATE:

### (I) Explanations on other events after the balance sheet date

1. The group company's registration of the debt financing instruments through private placement was approved by National Association of Financial Market Institutional Investors on 23 July 2013. The total principal amount of the issue is no more than RMB5 billion. For details, please refer to the announcements published by the group company on 7 June 2013 and 29 July 2013, respectively.
2. The group company entered into Acquisition Agreement with North Mining Limited on 26 July 2013. For details, please refer to the announcement published by the Company on 30 July 2013.
3. The group company completed the separation of Luanchuan Huqi Mining Company Limited on 8 August 2013. Upon the separation, the original company subsists and the amount of registered capital of Luanchuan Huqi Mining Company Limited changed from RMB10.00 million to RMB9.90 million. A new company, Luanchuan Fuhai Business and Trading Company Limited\* (樂川縣富凱商貿有限公司) was established with a registered capital of RMB100,000. The aforesaid two companies obtained corporate legal person licence on 7 August and 8 August 2013, respectively.

## XI. NOTES TO MAJOR ITEMS TO THE FINANCIAL STATEMENTS OF THE PARENT

### (I) Accounts receivable:

#### 1. Disclosure of accounts receivable by categories:

Unit: Yuan Currency: RMB

Category	Closing balance of the period				Opening balance of the period			
	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision is individually assessed	78,878,606.72	93.24	—	—	201,604,766.81	99.97	—	—
Accounts receivable that are not individually significant but for which bad debt provision is individually assessed	5,723,266.11	6.76	3,911,753.42	100	56,307.15	0.03	975,300.29	100
Total	84,601,872.83	/	3,911,753.42	/	201,661,073.96	/	975,300.29	/

The Company determines that accounts receivable of more than RMB5,000,000 is considered as individually significant accounts receivable.

Accounts receivables for which bad debt provision is assessed with aging analysis in portfolios:

Unit: Yuan Currency: RMB

Aging	Closing balance of the period			Opening balance of the period		
	Carrying amount Amount	Proportion (%)	Bad debt provision	Carrying amount Amount	Proportion (%)	Bad debt provision
Within 1 year	80,690,119.41	95.38	—	197,749,320.54	98.06	—
More than 1 year but not exceeding 2 years				2,936,453.13	1.46	—
More than 2 years but not exceeding 3 years	2,936,453.13	3.47	2,936,453.13			
More than 3 years	975,300.29	1.15	975,300.29	975,300.29	0.48	975,300.29
Total	84,601,872.83	100	3,911,753.42	201,661,073.96	100	975,300.29

**2. Particulars of accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period**

There was no balance of accounts receivable due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period.

**3. Top five entities with the largest balances of accounts receivable**

Unit: Yuan Currency: RMB

Name of entities	Relationship with the Company	Amount	Age	Proportion of the amount to the total account receivable (%)
Company J	Related Party	70,219,353.59	Within one year	83.00
Company AB	Third Party	8,659,253.13	Within one year	10.24
Company AC	Third Party	2,693,641.05	More than two years but not exceeding three years	3.18
Company AD	Third Party	1,579,345.90	Within one year	1.87
Company AE	Third Party	299,119.23	More than three years	0.35
Total	/	83,450,712.90	/	98.64

**(II) Other receivable:**

**1. Disclosure of other receivables by categories:**

Unit: Yuan Currency: RMB

Category	Closing balance of the period				Opening balance of the period			
	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)	Carrying amount Amount	Proportion (%)	Bad debt provision Amount	Proportion (%)
Other receivable that are individually significant and for which bad debt provision has been assessed individually	1,283,028,062.89	98.68	—	—	1,881,625,168.99	98.95	—	—
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	17,212,135.82	1.32	10,979,191.39	100.00	19,905,317.20	1.05	10,979,464.39	100.00
Total	1,300,240,198.71	100.00	10,979,191.39	100.00	1,901,530,486.19	100.00	10,979,464.39	100.00

The Company determines that other receivable of more than RMB5,000,000 is considered as individually significant other receivable.

Other receivables for which bad debt provision is assessed with aging analysis portfolios:

Unit: Yuan Currency: RMB

Aging	Closing balance of the period Carrying amount			Opening balance of the period Carrying amount		
	Amount	Proportion (%)	Bad debt provision	Amount	Proportion (%)	Bad debt provision
Within 1 year	982,082,102.99	75.53	—	1,866,880,724.92	98.18	579,703.12
More than 1 year but not exceeding 2 years	285,421,795.78	21.95	2,492,891.45	4,112,642.28	0.22	4,112,642.28
More than 2 years but not exceeding 3 years	2,800,389.48	0.22	2,800,389.48	29,566,119.52	1.55	5,316,119.52
More than 3 years	29,935,910.46	2.30	5,685,910.46	970,999.47	0.05	970,999.47
<b>Total</b>	<b>1,300,240,198.71</b>	<b>100.00</b>	<b>10,979,191.39</b>	<b>1,901,530,486.19</b>	<b>100.00</b>	<b>10,979,464.39</b>

**2. Particulars of other receivable due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period**

There is no balance of other receivable due from shareholders holding at least 5% of the Company's shares with voting power during the reporting period.

**3. Top five entities with largest balances of other receivable**

Unit: Yuan Currency: RMB

Name of entities	Relationship with the Company	Amount	Age	Proportion of the amount to the total account receivable (%)
Company AF	Subsidiary	909,013,404.83	More than two years but not exceeding three years	69.91
Company AG	Subsidiary	264,009,000.00	Within one year	20.30
Company AH	Subsidiary	50,000,000.00	More than one years but not exceeding two years	3.85
Company O	Third Parties	21,250,000.00	More than three years	1.63
Company AI	Subsidiary	15,010,000.00	More than two years but not exceeding three years	1.15
<b>Total</b>	<b>/</b>	<b>1,259,282,404.83</b>		<b>96.85</b>



### (III) Long-term equity interests

Cost method

Unit: Yuan Currency: RMB

Investee	Investment cost	Opening balance of the period	Changes increase/ (decrease)	Closing balance of the period	Provision for Impairment losses	Provision for impairment losses for the period	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)
洛陽鉛業集團貴金屬投資有限公司 Luomu Group Precious Metals Investment Co. Ltd.	2,500,000,000.00	500,000,000.00		500,000,000.00	—	—	100	100
洛陽鉛業集團金屬材料有限公司 Luomu Group Metal Material Company Limited	650,000,000.00	650,000,000.00		650,000,000.00	—	—	100	100
洛陽大川鉛鎢科技有限責任公司 Luoyang Dachuan Molybdenum & Tungsten Technology Co., Ltd.	37,500,000.00	157,500,000.00		157,500,000.00	—	—	100	100
洛陽樂川鉛業集團鎢業有限公司 Luomu Group Tungsten Co., Ltd.	1,000,000,000.00	100,000,000.00		100,000,000.00	—	—	100	100
樂川縣鴻七礦業有限公司 Luanchuan Huqi Mining Company Limited	271,420,000.00	271,420,000.00		271,420,000.00	—	—	100	100
洛陽樂川鉛業集團冶煉有限責任公司 Luomu Group Refining Co., Ltd.	5,638,250.27	5,638,250.27		5,638,250.27	—	—	100	100
洛陽建投礦業有限公司 Luoyang Construction Investment and Mining Co., Ltd.	4,875,086.50	4,875,086.50		4,875,086.50	—	—	100	100
洛陽樂川鉛業集團鎢鉛銷售貿易有限責任公司 Luomu Group Sales and Trading Co., Ltd.	2,000,000.00	2,000,000.00		2,000,000.00	—	—	100	100
樂川縣富潤礦業有限公司 Luanchuan Furun Mining Co., Ltd.	8,803,190.84	8,803,190.84		8,803,190.84	—	—	100	100
洛陽鉛業(香港)有限公司 China Molybdenum (Hong Kong) Company Limited	0.96	0.96		0.96	—	—	100	100

Investee	Investment cost	Opening balance of the period	Changes increase/(decrease)	Closing balance of the period	Provision for Impairment losses	Provision for impairment losses for the period	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)
洛陽鉬都國際飯店有限公司 Luoyang Mudu International Hotel Co., Ltd.	30,000,000.00	210,000,000.00		210,000,000.00	—	—	100	100
新疆洛鉬礦業有限公司 Xinjiang Luomu Mining Co., Ltd.	980,000,000.00	980,000,000.00		980,000,000.00	—	—	100	100
樂川縣九揚礦業有限公司 Luanchuan Jiuyang Mining Co., Ltd.	17,028,900.00	17,028,900.00		17,028,900.00	—	—	51	51
樂川縣三強鉬鎢有限公司 Luanchuan Sanqiang Molybdenum & Tungsten Co., Ltd.	33,397,038.41	33,397,038.41		33,397,038.41	—	—	51	51
洛陽坤宇礦業有限公司 Luoyang Kunyu Mining Co., Ltd.	350,000,000.00	350,000,000.00		350,000,000.00	—	—	100	100
樂川縣大東坡鎢鉬礦業有限公司 Luanchuan Dadongpo Tungsten & Molybdenum Co., Ltd.	33,483,750.00	33,483,749.86		33,483,749.86	—	—	51	51
洛陽樂川鉬業集團銷售有限公司 Luomu Group Sales Co., Ltd.	50,000,000.00	50,000,000.00		50,000,000.00	—	—	100	100
河南前進爆破工程有限公司 Henan Qianjin Dynamite Project Co., Ltd.	200,000.00	200,000.00		200,000.00	—	—	10	10
Carbide	500,000.00	500,000.00	199,500,000.00	200,000,000.00	—	—	100	100
Other	4,928.00	4,928.00		4,928.00	—	—	0	0

Equity method:

Unit: Yuan Currency: RMB

Investee	Investment cost	Opening balance of the period	Changes increase/(decrease)	Closing balance of the period	Provision for Impairment losses	Provision for impairment losses for the period	Cash dividends	Proportion of ownership interest in the investee (%)	Proportion of voting power in the investee (%)
High-Tech	265,000,000.00	231,655,926.69	-6,249,417.95	225,406,508.74	—	—	—	50	50
Yulu Mining	20,000,000.00	174,233,382.53	-44,713,182.91	129,520,199.62	—	—	141,000,000.00	40	40
Yuhua Molybdenum	1,650,000.00	3,414,284.44	-213,848.59	3,200,435.85	—	—	—	33	33
美國凱立納米鉬公司 Caly Nanomoly Development, Inc. ("Nanomoly Development")	US\$3,000,000.00	—	—	—	—	—	—	40	40

## (IV) Operating revenue and operating costs:

### 1. Operating revenue, operating costs

Unit: Yuan Currency: RMB

Item	Amount recognized in the current period	Amount recognized in the prior period
Principal operating revenue	1,509,271,795.53	1,583,699,997.95
Other operating revenue	19,938,724.32	36,219,539.68
Operating costs	637,383,880.23	777,984,086.98

### 2. Principal operating activities (classified by products)

Unit: Yuan Currency: RMB

Name of product	Amount recognized in the current period		Amount recognized in the prior period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Molybdenum and related products	814,784,960.27	450,086,413.01	923,582,458.10	579,547,448.20
Tungsten and related products	478,249,653.81	86,087,822.39	411,986,440.07	79,847,841.60
Other	216,237,181.45	75,424,419.44	248,131,099.78	84,669,328.10
Total	1,509,271,795.53	611,598,654.84	1,583,699,997.95	744,064,617.90

### 3. Principal operating activities (classified by areas)

Unit: Yuan Currency: RMB

Name of area	Amount recognized in the current period		Amount recognized in the prior period	
	Operating revenue	Operating costs	Operating revenue	Operating costs
PRC	1,483,238,012.64	585,813,429.45	1,581,259,007.97	741,741,636.70
Hong Kong	20,018,861.38	19,733,580.84	—	—
Japan	6,014,921.51	6,051,644.55	2,440,989.98	2,322,981.20
Total	1,509,271,795.53	611,598,654.84	1,583,699,997.95	744,064,617.90

#### 4. Operating revenue from the Company's top five customers

Unit: Yuan Currency: RMB

Name of Company	Total operating income	Proportion to total operating revenue of the Group (%)
Company AJ	669,954,878.37	43.81
Company AK	270,940,176.62	17.72
Company AL	227,481,180.43	14.88
Company AM	115,252,949.80	7.54
Company AN	62,726,918.76	4.10
Total	1,346,356,103.98	88.05

#### (V) Investment income:

##### 1. Details of investment income

Unit: Yuan Currency: RMB

	Amount recognized in the current period	Amount recognized in the prior period
Income from long-term equity investment accounted for using the cost method	<b>61,226,478.23</b>	11,819,644.91
Revenue from long-term equity investment accounted for using the equity method	<b>89,823,550.55</b>	69,567,627.31
Investment income on disposal of held-for-trading financial assets	—	7,407,986.17
Investment income from holding held-to-maturity investments	—	421,950.00
Investment income from bank's products	<b>53,815,993.18</b>	—
Total	<b>204,866,021.96</b>	89,217,208.39

## (VI) Supplementary information to cash flow statement:

Unit: Yuan Currency: RMB

Supplementary information	Amount for the current period	Amount for the prior period
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	<b>817,881,972.11</b>	683,043,722.95
Add: Provision for impairment losses of assets	<b>2,936,453.13</b>	—
Depreciation of fixed assets, loss of oil and gas assets, depreciation of productive bio-material assets	<b>76,890,410.15</b>	105,220,846.75
Amortisation of intangible assets	<b>22,083,278.52</b>	17,815,548.62
Amortisation of long-term deferred expenses	<b>3,949,134.00</b>	4,662,090.74
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain is indicated by “-”)	—	-105,076.09
Losses on changes in fair values (gain is indicated by “-”)	<b>1,492,920.00</b>	720,360.00
Financial expenses (income is indicated by “-”)	<b>55,570,164.89</b>	32,328,821.90
Losses arising from investments (gain is indicated by “-”)	<b>-204,866,021.96</b>	-89,217,208.39
Decrease in deferred tax assets (increase is indicated by “-”)	<b>-2,001,560.40</b>	19,981,496.76
Decrease in inventories	<b>23,928,049.19</b>	13,074,502.68
Decrease in receivables from operating activities (increase is indicated by “-”)	<b>-191,595,957.58</b>	-478,619,356.06
Decrease in payables from operating activities other	<b>219,980,013.17</b>	673,905.90
Net cash flow from operating activities	<b>874,929,574.90</b>	425,962,234.90
<b>2. Significant investing and financing activities that do not involve cash receipts and payments:</b>		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	<b>935,886,199.34</b>	746,877,538.72
Less: Opening balance of cash	<b>1,232,946,372.40</b>	1,646,450,449.61
Add: Closing balance of cash equivalents	<b>160,000,000.00</b>	—
Net increase in cash and cash equivalents	<b>-137,060,173.06</b>	-899,572,910.89

## XII. SUPPLEMENTARY INFORMATION

### (I) Breakdown of non-recurring profit or loss in the current period

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount
Profit or loss on disposal of non-current assets	-40,132.90
Government grants recognised in profit or loss for the period (except for those closely related to the Company's normal business and in compliance with national policies and regulations and conferred continuously based on standard amounts and quantities)	6,395,268.10
Profits or losses on change in fair value from financial assets and financial liabilities held for trading, as well as investment income from disposal of financial assets and financial liabilities held for trading and financial assets available for sales except for effective hedging related with normal businesses of the Company	-1,508,246.56
Other non-operating income or expenses other than the above	-1,152,987.68
Gains from wealth management products from banks	63,045,608.78
Fair value losses from derivatives not designated as a hedges	-52,983,720.00
Gold lease measured at fair value	52,983,720.00
Effect of minority interests	60,427.55
Effect of income tax	-11,116,173.43
<b>Total</b>	<b>55,683,763.86</b>

### (II) Return on net assets and earnings per share

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	5.11	0.12	
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	4.65	0.11	